



22 August 2025

By email: [REDACTED]

Tēnā koe [REDACTED]

Request under the Official Information Act 1982

Thank you for your email of 25 July 2025, requesting the following information from Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga):

All reports and briefings that have been done on all financial viability reviews of Te Pūkenga business divisions, since 27 November 2023.

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

Interpretation

We have interpreted your request as relating to the Regional ITP Viability (RIV) programme which late last year delivered financial viability and improvement plans for each of our provider-based ITP business divisions. We have therefore, interpreted your request to be for RIV related reports and briefings sent from Te Pūkenga to the Minister for Vocational Education, Hon Penny Simmonds.

The decision

There is a list of documents in the table below that are considered in scope of your request. Please note these documents are:

- Part A - a list of the reports we provided to you in previous requests while not all documents released are relevant to this current request, they are however the regular reports provided to the Minister and are the mechanism for updating the Minister on the viability work.
- Part B - reports within scope that were drafted after your last OIA request - the seven documents in Part B of the table are attached at Appendix One. Redactions made are noted in the table below and are made under sections 9(2)(b)(ii) – commercial prejudice and 9(2)(a) – privacy of individuals.

- Part C - additional documents that were made publicly available under another OIA (TP240008) but have relevance to this request.

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

Appendix One – Reports/briefings

A). DOCUMENTS RELEASED UNDER OIA TP240097 ON 24 SEPTEMBER 2024

Date of report	Title	Decision
Documents within scope		
23 January 2024	Disestablishment Update	
9 February 2024	Weekly Disestablishment Report - 9 February 2024	
16 February 2024	Weekly Disestablishment Report - 16 February 2024	
23 February 2024	Weekly Disestablishment Report - 23 February 2024	
1 March 2024	Weekly Disestablishment Report - 1 March 2024	
8 March 2024	Weekly Disestablishment Report - 7 March 2024	
15 March 2024	Weekly Disestablishment Report - 15 March 2024	
22 March 2024	Weekly Disestablishment Report - 22 March 2024	
12 April 2024	Weekly Disestablishment Report - 12 April 2024	
19 April 2024	Weekly Disestablishment Report - 19 April 2024	
3 May 2024	Weekly Disestablishment Report - 3 May 2024	
14 June 2024	Weekly Disestablishment Report - 14 June 2024	
27 May 2024	An integrated regional network of vocational education	Refer to our previous response to you reference TP240097 (which includes three documents that were out of scope but included for completeness) www.tepukenga.ac.nz/assets/OIA-Responses/October-2024/TP240097-OIA-Response.pdf

B). DOCUMENTS RELEASED UNDER THIS OIA TP250073

Date of report	Title	Decision
Documents within scope – see Appendix One		
11 February 2025	0. February report to Minister for Vocational Education	Refused under section 18(d) as it is publicly available here: www.tepukenga.ac.nz/assets/OIA-Responses/June-2025/TP250040-OIA-Response.pdf - note that two figures are withheld from the report under section 9(2)(a)(ii) – commercial prejudice
14 March 2025	1. March 2025 report to Minister for Vocational Education	Some information withheld under section 9(2)(a)(ii) – commercial prejudice
2 May 2025	2. Te Pūkenga Council update to the Minister – cover letter	Some information withheld under section 9(2)(a)(ii) – commercial prejudice
2 May 2025	3. May 2025 report to Minister for Vocational Education	Some information withheld under section 9(2)(a)(ii) – commercial prejudice and section 9(2)(a) – privacy of individual
19 June 2025	4. Te Pūkenga Council update to the Minister – cover letter	Some information withheld under section 9(2)(a)(ii) – commercial prejudice and section 9(2)(a) – privacy of individual
19 June 2025	5. June 2025 report to Minister for Vocational Education	Some information withheld under section 9(2)(a)(ii) – commercial prejudice
13 September 2024	6. September 2024 report to the Minister	Some information withheld under section 9(2)(a)(ii) – commercial prejudice and section 9(2)(a) – privacy of individual

29 November 2024	7. November 2024 report to the Minister	Some information withheld under section 9(2)(a)(ii) – commercial prejudice
C). AN ADDITIONAL DOCUMENT ALREADY PUBLICLY AVAILABLE (TP240008)		
Date of report	Title	Decision
Documents within scope		
8 December 2023	Response to Minister's Te Pūkenga Letter of Expectations	As per release www.tepukenga.ac.nz/assets/OIA-Responses/TP240008-Appendix-One_Redacted.pdf
15 December 2023	Te Pūkenga Deputy Chair letter to Minister	
23 January 2024	Letter to Minister	
23 January 2024	Briefing for Minister	
6 December 2023	Messages regarding the Letter of Expectations	

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

1. 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.
2. 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

3. 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



Te Pūkenga

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tepukenga.ac.nz

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 s 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 black ink, appearing to read "Sue McCormack".

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

1. 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.
2. 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%.
3. 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

4. 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.
5. 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

6. 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 § 0(2)(b)(ii) in operating cost savings across the group, with the largest savings being personnel expenses.
7. Personnel expenses are forecast to achieve § 0(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 ^{s 9(2)(b)(ii)} This is subject to the consultation processes divisions undertake with staff. Reported FTE reduction as at end of March is ^{s 9(2)(b)} ⁽ⁱⁱ⁾ FTE with associated cost savings of about ^{s 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 ^{s 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 (§ 9(2)(a)) UCOL (Ian McKelvie), and WelTec & Whitireia.

Other Matters

§ 9(2)(b)(ii)

NorthTec Bachelor of Social Work

§ 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			43,688		42,815			International		6,937			5,048		4,438									
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	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%	OPNZ	9	29	31	-2	-7%	323%	49%	43%									
OPN	9,329	5,593	5,138	455	9%	60%	59%	59%	OPN	9	29	31	-2	-7%	323%	49%	43%									
Rohe 1	10,812	8,170	8,170	0	0%	76%	82%	80%	Rohe 1	1,827	1,478	1,206	273	23%	81%	73%	72%									
MIT	4,471	3,710	3,590	120	3%	83%	83%	79%	MIT	456	408	317	91	29%	89%	78%	72%									
NTC	1,954	1,141	1,231	-89	-7%	58%	76%	77%	NTC	145	63	93	-30	-33%	43%	68%	71%									
UNI	4,387	3,319	3,349	-30	-1%	76%	82%	84%	UNI	1,225	1,007	795	212	27%	82%	71%	71%									
Rohe 2	11,686	9,417	9,475	-58	-1%	81%	85%	82%	Rohe 2	2,298	1,666	1,358	309	23%	73%	76%	75%									
EIT	3,833	2,711	2,580	132	5%	71%	74%	73%	EIT	731	480	461	20	4%	66%	71%	73%									
TOI	3,643	3,361	3,414	-53	-2%	92%	93%	86%	TOI	747	490	431	59	14%	66%	83%	82%									
WIN	4,210	3,345	3,481	-137	-4%	79%	87%	85%	WIN	819	696	466	230	49%	85%	74%	72%									
Rohe 3	9,518	8,197	8,017	181	2%	86%	86%	86%	Rohe 3	1,050	736	667	68	10%	70%	76%	74%									
NMT	2,185	1,787	1,605	181	11%	82%	76%	79%	NMT	278	258	188	69	37%	93%	78%	70%									
UCL	2,602	2,088	2,195	-107	-5%	80%	88%	85%	UCL	229	144	107	38	35%	63%	67%	67%									
WAW	3,566	3,358	3,212	146	5%	94%	90%	90%	WAW	400	245	230	16	7%	61%	77%	76%									
WIT	1,164	964	1,004	-40	-4%	83%	88%	88%	WIT	143	88	143	-54	-38%	62%	82%	82%									
Rohe 4	15,211	12,311	12,015	296	2%	81%	85%	86%	Rohe 4	1,754	1,139	1,176	-37	-3%	65%	74%	74%									
ARA	6,411	5,571	5,547	24	0%	87%	87%	88%	ARA	575	397	331	65	20%	69%	69%	72%									
OTG	4,329	3,616	3,626	-11	-0%	84%	92%	92%	OTG	677	478	593	-115	-19%	71%	78%	75%									
SIT	4,260	2,987	2,699	287	11%	70%	74%	77%	SIT	502	264	252	12	5%	53%	75%	76%									
TPP	211	137	142	-5	-4%	65%	52%	50%	Total	56,557	43,688	42,815	873	2%	77%	80%	80%	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



Te Pūkenga

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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 § 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)



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)



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)



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)
<small>b 9(2)(b)(ii)</small>	

Net Surplus/(Deficit) by Division	2025 Forecast (000)
<small>s 9(2)(f)(ii)</small>	

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 s 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 s 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 s 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 black ink, appearing to read "Sue McCormack".

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 ^{s 9(2)(b)(ii)} an improvement from the budgeted ^{s 9(2)(b)(ii)}. This reflects improved expenditure management and ^{s 9(2)(b)(ii)} in personnel cost savings attributed to the RIV programme. However, our forecast continues to rely on ^{s 9(2)(b)(ii)} 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)(i). 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".

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	47,182	46,065
	2025 Budget	2025 YTD	2024 YTD

International

	6,937	5,449	4,808
	2025 Budget	2025 YTD	2024 YTD

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%

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%

Appendix – WBL Division Delivered STMs and Active Learners as at 30 April 2025

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%

Disestablishment Report – 13 September 2024

To:	Hon Penny Simmonds, Minister for Tertiary Education and Skills
Cc:	Tim Fowler, Chief Executive, Tertiary Education Commission
From:	Gus Gilmore, Chief Executive, Te Pūkenga
Date:	13 September 2024

Purpose

1. This report provides you an update on disestablishment activities Te Pūkenga is undertaking in line with your Letter of Expectations.

Progressing Disestablishment

National Office Review

2. Our National Office Review process is well advanced. From 241 staff at National Office in January 2024, approximately 106 kaimahi remained as at August. Forty-eight further kaimahi are proposed to end their roles as their fixed term contracts come to an end or their roles are confirmed as disestablished in November and December. Through this process many staff have returned to business divisions as we have devolved activities and functions back to the divisions. We are therefore projecting 57 kaimahi will remain in the National Office as at the end of 2024 (representing at 76% reduction of the total National Office that existed at January 2024).
3. I have recently also asked the Transition Leadership Team to review their 2025 staffing requirements in the context of our 2025 budgeting process and likely level of activity at National Office in 2025. I would like to meet with you to discuss our staffing requirements in 2025 to support implementation of the findings from the Regional ITP Viability (RIV) programme currently underway. Having more clarity of that will enable us to align staff numbers to the work plan.

ITP business division kaimahi recruitment

4. Uncertainty in the sector is having an impact on business divisions' ability to attract suitable candidates. Several business divisions are also experiencing the compounding factor of increased salary expectations for roles e.g. Digital roles exceed budget considerations.
5. Through ITP business division reporting, it is becoming clear that with the devolution of activities and functions to divisions, there is a risk these activities are delivered inconsistently across regions, while Te Pūkenga is still accountable. In some divisions, there is increased recruitment taking place, while at others several staffing reviews are taking place. As I noted at Select Committee, the uncertainty created by the Government consultation, the RIV programme and increased responsibility at ITP business divisions is further exacerbating issues with kaimahi morale, anxiety and frustration. We continue to monitor the situation and support kaimahi with regular communications and guidance.

Capital assets and budgeting

6. Our property strategy objective is to optimise the property portfolio by identifying areas for improvement and implementing plans that create an economically sustainable property footprint. One of our key focus areas has been disposals, proceeds from which can be reinvested into endeavours that contribute to the financial viability of ITPs.
7. There has been an increase in requests for property disposals from the network in recent months. This increase has a comparable reduction in requests for 2025 capital intention plan spend and business cases.
8. As at 30 August, we had seven properties approved and with LINZ for processing or for sale. These properties had a combined value¹ of § 9(2)(b)(ii) Income from these disposals is expected to be realised in 2024 and 2025.
9. We have received several new requests from divisions for disposal. As at 30 August, this totalled 18 properties valued at § 9(2)(b)(ii) Income from these disposals, if they progress, could be realised in 2025 or 2026.
10. Additional disposals are likely to be identified within the RIV programme. We will keep you informed as these opportunities become available.

Empowering regional leadership

Regional ITP Viability Programme

11. Te Pūkenga was directed by the Tertiary Education Commission (TEC) to engage external specialist advice to review and improve the viability of regional ITP business divisions. Calibre Partners, Volte, PwC, and Deloitte have been engaged to undertake this work.
12. The RIV programme is being managed within Te Pūkenga with oversight from a Programme Governance Group (PGG). The PGG is comprised of members from Te Pūkenga and TEC, as well as an independent chair.

The programme has been developed into four phases:

- **Phase 1 – Information Gathering and Discovery.** The objective is to gather information sufficient to complete the subsequent phases and/or indicate areas that may need further investigation/ consideration during Phase 2. Completed by 23 August.
- **Phase 2 – Operating Model and Financial Improvement/Merger Plan.** These provide an overview of how a regional ITP can become a viable, stand-alone entity, or how it might minimise financial losses and operate as part of a federation, for example. This work is expected to take between five and ten weeks, with all regional ITPs having these plans developed by early November.
- **Phase 3 – Implementation Plan/Programme.** Development of an implementation plan/programme with most ITP plans intended to be completed by the end of 2024.
- **Phase 4 – Implementation.** Plans for each ITP are implemented during 2025.

¹ Assumed value – 2023 year-end valuation – unless a formal market valuation has been done in the last year. Income realised will be reassessed with market valuations.

13. We remain on track against our programme plan. Phase 1 was completed by 23 August as scheduled. We received Phase 1 reports for each ITP business division which provided a good level of information and data, including the key opportunities to improve the financial situation at each division. Unsurprisingly, these relate to three key areas: programmes, people and property.
14. Consultants have begun Phase 2 which will provide two key outputs:
 - An ITP business division viability overview – this is to help inform agency advice to you. It will provide high level views about whether the ITP is viable, the timeframe to achieve viability (if possible), and the scale and scope of change required in terms of property, programmes, and people. This output is due 4 October.
 - Financial improvement/merger plan and operating model – This is the full plan required to outline key activities and initiatives to achieve viability (if possible) for each ITP business division and the risks associated with the proposed approach. Due dates differ by ITP, however all the reports are due by 1 November 2024.
15. Some hard decisions lie ahead. However, further work in Phase Two is required to understand the scale of some of the changes required to get ITP divisions onto a viable footing. In some cases, this may not be possible, or the scale and scope of change may be significant. We expect that there will be significant implications on programme delivery in regions and across the motu, and on kaimahi. We are also reviewing our obligations to engage and consult with kaimahi and unions as part of any proposed plans that are developed as part of the RIV programme.

Continuing to deliver

Enrolments

We continue to experience increased enrolments at ITP divisions...

16. As at 16 August 2024, domestic enrolments increased 5.2% in ITP divisions compared to the same time in 2023. Three ITP divisions show decreases in 2024 – SIT (-6.8%), Otago (-1%) and WITT (-7.1%).
17. As at 16 August 2024, our international enrolments increased 32.6% compared to the same time in 2023. Two ITP divisions show decreases – WITT (-23.7%) and NorthTec (-16%).

Table 1: ITP division equivalent full-time learners (EFTS) 16 August 2023-2024

ITP learners	2024 Budget year-end	2024 year-to-date	2023 year-to-date
Domestic	50,622	52,040	50,579
International	5,351	5,679	4,281
Total	55,973	57,719	54,859

...and decreased enrolments at Work-based divisions

18. Work-based divisions do not report “enrolled” data but provide data on “Active Learners”. This data is as of 31 July 2024 and shows a decrease of 11% compared with the same time in 2023. Seven of the nine work-based divisions are showing decreases with BCITO, Careerforce and ServiceIQ experiencing decreases of more than 1,000 learners. MITO and EarnLearn are experiencing increases in active learners compared to July 2023. Anecdotally we are also hearing

that a number of employers are significantly reducing their investment in training given the current economic conditions.

Table 2: Work-based division active learners 31 July 2023-2024

WBL learners	2024 year-to-date	2023 year-to-date	Variance
Active Learners	58,995	66,561	-7,566

19. We continue to see increased demand for our foundation programmes (Youth Guarantee, SAC Level 1-2 and Trades Academy). We have also seen an increase in our Delivery at Levels 3-7 (non-degree) of 7.1% as at 16 August 2024 compared to 2023.

TEC has approved increased funding of \$5 million to meet increased demand

20. On 30 August 2024, we received approval from the TEC for an additional \$5 million to support increased demand in our Level 1 and 2 programmes for the remainder of 2024. TEC also ringfenced a further \$2 million in 2024 should we continue to experience demand in these programmes.

Current financial position

21. The recent forecast shows that 2024 budgeted net deficit is currently forecast at \$16.2 million, a reduction of \$77.2 million from our 2024 budgeted figure. This is a result of our continued focus on cost-cutting and revenue growth, including reducing head count.

Financials '\$000	Jul 2024 YTD Actual	Jul 2024 YTD Budget	FY2024 Forecast	FY2024 Budget	Variance (Fcst - Bud)	Variance (Fcst - Bud)	FY2023 Actual
Revenue	807,421	820,071	1,397,788	1,390,551	7,237	●	1,345,667
Operating Expenses	724,085	778,010	1,309,293	1,311,031	1,738	●	1,249,550
EBITDA	83,336	42,061	88,495	79,520	8,975	●	96,116
Depn, Interest and One Off Expenses(Income)	54,285	96,088	104,708	172,923	68,215	●	133,980
Net Surplus/(Deficit)	29,052	(54,027)	(16,213)	(93,403)	77,190	●	(37,864)

Annual report publication and select committee attendance

22. On 6 August 2024, we published Te Pūkenga 2023 Annual Report and appeared before the Education and Workforce Committee on 28 August for our Annual Review.
23. I consider that we were able to engage positively and proactively with all members of the Committee, speaking to the successes we have achieved as an organisation throughout 2023 and into 2024. The session covered a range of topics including ākonga achievement and the tracking of our financial position to date. We had an open and transparent discussion around the process – including challenges and opportunities – to disestablishment.

New Zealand Science and Technology Scholarships for students from India

24. Te Pūkenga is announcing New Zealand Science and Technology Scholarships in India this week. The programme offers 23 scholarships valued at \$10,000 each to international students from India enrolling in full-time science and technology programmes in 2025. These scholarships are being offered by 12 of our ITP business divisions.
25. The programme will be announced at a Te Pūkenga training event for education agents in New Delhi on Thursday 12 September 2024.

26. The scholarship programme will promote Te Pūkenga business divisions and their delivery of globally recognised vocational education in important skills areas. It will also help our education agents attract talented international students to New Zealand. Te Pūkenga business divisions will select scholarship winners from eligible students who apply for study on or before 25 October 2024.

Working collaboratively

Government consultation – 2024 Vocational education and training reforms

27. Te Pūkenga regional business divisions provided the TEC and Ministry of Education campus facilities to enable them to undertake public consultation on your behalf. As part of these face-to-face sessions there were separate kaimahi only sessions which were well attended by local kaimahi.
28. Some of themes from these sessions included:
 - Queries about the federation model and operational elements of the federation
 - Open Polytechnic's role in the federation
 - Approach and possibility of mergers of ITP divisions in the new system
 - Structure of the work-based learning divisions in the new system
 - Concerns about further restructuring and job losses
 - Concerns for Māori, Pacific and disabled learners
 - The financial state of the vocational education system.
29. Te Pūkenga Council has provided a submission as part of the consultation process. The submission provides a constructive perspective based on the lessons learnt over the last few years in managing large-scale reform. It also highlights a range of considerations for government as part of the redesign of the sector.



Gus Gilmore

Chief Executive

Te Pūkenga

13 September 2024

Disestablishment Report – 29 November 2024

To:	Hon Penny Simmonds, Minister for Tertiary Education and Skills
Cc:	Tim Fowler, Chief Executive, Tertiary Education Commission
From:	Gus Gilmore, Chief Executive, Te Pūkenga
Date:	29 November 2024

Purpose

1. This report provides you an update on disestablishment activities Te Pūkenga is undertaking in line with your Letter of Expectations.

Progressing Disestablishment

National Office Review

2. We are on track to complete our National Office Review by the end of the year. From 241 permanent and fixed term kaimahi at National Office in January 2024, we will end the 2024 year with about 55 kaimahi at National Office. This number could change subject to any resignations or further redeployment to business divisions in the coming months.

Executive Leadership changes

3. Paora Ammunson, Deputy Chief Executive will be finishing at Te Pūkenga on 17 December 2024. Paora picked up a range of functions as Executive Leadership Team (ELT) members left the organisation during 2024. Many of these areas have been further devolved to divisions with relevant staff returning to business divisions. Paora's departure was announced at the end of the week. We will not be making any external proactive statements.
4. Phil O'Callaghan, Interim CFO will be finishing at Te Pūkenga on 13 December 2024. 5.9(2)(a) will formally move into the Interim CFO position from 6 January 2025.

Return of digital functions to business divisions

5. Responsibility for digital functions will be formally restored to all divisions from Monday 2 December 2025. This coincides with the expiry of secondment arrangements for the current Digital Operations Leadership roles on 29 November. Individual divisions will need to determine their own structures for their digital teams and the ongoing management of digital activities.
6. The National Office will retain a small digital team for work that requires compliance and management for the whole organisation. A good example of this is cyber security. We envisage in 2025 the National Office demand on divisions will decrease and continue look for opportunities to devolve activities to local management where possible.

Capital assets

7. Our property strategy objective is to optimise the property portfolio by identifying areas for improvement and implementing plans that create an economically sustainable property footprint. One of our key focus areas has been disposals, proceeds from which can be reinvested into endeavours that contribute to the financial viability of ITPs.
8. Of the 1,052 buildings in our national footprint, the draft RIV reports indicate that we could move to between 58% to 70% of our initial footprint. Most of the footprint change cannot commence until these reports are confirmed, and staff consultations are completed.
9. As at 29 November, we had ten properties approved for disposal and with LINZ for processing or for sale. These properties had a combined value¹ of § 9(2)(b)(ii). Income from these disposals is expected to be realised in 2024 and 2025.
10. A further § 9(2)(b)(ii) worth of property has been valued with reviews pending or awaiting programme and employee consultation. Subject to the outcomes of these processes the disposal process could be initiated in the new year.

Empowering regional leadership

Regional ITP Viability Programme

11. On 14 June 2024, Te Pūkenga was directed by the Tertiary Education Commission (TEC) to engage external specialist advice to review and improve the viability of regional ITPs. To achieve this, Calibre Partners, Volte, PwC, and Deloitte (the consultants) have been engaged to undertake this work.
12. We received interim reports from the consultants in October with recommended initiatives and actions to improve the financial position and viability of each ITP. Overall, the reports provided clarity of the probability and risks of achieving viability for individual ITP divisions. At this stage, ten ITPs could be made viable as standalone ITPs from 2026, in some cases, with high levels of risk. The remaining ITPs are not considered viable at this stage as standalone ITPs and alternative arrangements will need to be considered, such as merger or federation (subject to Government decisions).
13. On 22 November, consultants submitted their draft comprehensive reports which will act as financial improvement plans for each ITP. We are currently reviewing these and plan to take these to our RIV Programme Governance Group (PGG) on 6 December for its review and feedback.
14. On 11 December, subject to any feedback from PGG, we will seek Council's approval to implement the plans outlined in the reports and operationalise the actions and initiatives recommended by consultants. Implementation will be led locally with central support for most activities. The Central programme team will lead or play a more active role in the implementation of some areas such as property, and people and culture.

Change proposals

15. As you will be aware, we have a number of staffing change proposals currently underway at many business divisions.

¹ Assumed value – 2023 year-end valuation – unless a formal market valuation has been done in the last year. Income realised will be reassessed with market valuations.

16. As part of our annual business practice, business divisions regularly review their programmes to determine the ongoing contribution to the viability and sustainability of the business division. This process aligns with the concerns raised by the TEC in June 2024 regarding the viability of the ITP business divisions within Te Pūkenga and the requirement to obtain specialist help under section 332 of the Education and Training Act 2020.
17. These proposals currently underway, if realised, will contribute to the overall objective of achieving financial viability for individual ITP business divisions and prepare for the Government's decisions to stand up regional autonomous and viable ITPs.
18. We expect that recent media attention on programme and site closures in the last few weeks will increase significantly in 2025 as we begin implementing the financial improvement plans in 2025.
19. Some hard decisions lie ahead. We expect that there will be significant implications on programme delivery in regions, on industry, and on kaimahi. We have developed an industrial relations strategy and are working closely with the relevant unions at a national and local level.

Continuing to deliver

2025 enrolments

20. As at 22 November 2024, enrolments for 2025 are 18% higher than for 2024 with a 16% (2,100 EFTS) increase for domestic EFTS and a 35% (310 EFTS) increase for international EFTS.
21. ITP applications and enrolments for 2025 are on track to exceed the 2025 Budget. 2025 enrolments to date are achieving 25% of the full year budget which is ahead of 2024 enrolment trends at the same time last year.
22. Our 2025 student offers for international students have reached 10,035 compared to 7,995 same time last year with an increase of 26%. This growth in offers is not reflected in the latest visa application numbers where there are currently 646 applications compared to 651 last year which may impact the conversion of offers into enrolments. We have been advised by Immigration NZ that this situation of lower visa applications is not unique to Te Pūkenga and they are noticing the same across the sector. We anticipate there will be a surge in applications in December 2024/January 2025s which will require additional processing resource to meet semester start dates.
23. The strong growth in both domestic and international applications and enrolments, coupled with the early achievement of enrolment targets, positions the 2025 academic year for success, exceeding the overall budget expectations.

Forecast 2024 financial position

24. The recent forecast prepared considering year-to-date October 2024 actual figures shows that 2024 budgeted **net deficit has improved to \$5.8 million**, an improvement of \$87.6 million from our 2024 budget. This is a result of our continued focus on cost-cutting and revenue growth, including reducing head count. We expect that this forecast may improve further as we review allowances for restructuring and redundancy provisions.

Financials '\$000	Oct 2024 YTD Actual	FY2024 Forecast	FY2024 Budget	Variance (Fcst - Bud)	Variance (Fcst - Bud)	FY2023 Actual
Revenue	1,166,775	1,399,500	1,390,551	8,950	●	1,345,667
Operating Expenses	1,060,532	1,295,643	1,311,030	15,387	●	1,249,550
EBITDA	106,243	103,857	79,520	24,337	●	96,116
Depn, Interest and One Off Expenses (Income)	90,105	109,687	172,923	63,236	●	133,980
Net Surplus/(Deficit)	16,138	(5,830)	(93,403)	87,573	●	(37,864)



Gus Gilmore
Chief Executive
Te Pūkenga
29 November 2024