



20 May 2024

Sue McCormack  
Acting Chair  
Te Pūkenga  
PO Box 19400  
Hamilton 3244

**By email: [sue.mccormack@tepukenga.ac.nz](mailto:sue.mccormack@tepukenga.ac.nz)**

Dear Sue

## **Progressing financial sustainability initiatives**

You have sought clarification over aspects of the letter of expectations I issued in December 2023. This letter seeks to address those, and in particular clarifies my performance expectations for Te Pūkenga as they pertain to the council's duties and the financial viability of the network and individual business divisions.

Overall, my high-level expectations for Te Pūkenga have not changed – I still expect it to operate in a manner consistent with the Government's plans; support as much regional decision-making as possible; ensure the continuation of vocational education and training and support staff and learners; and to work closely with me and officials as I progress reform of the sector.

However, in my work with officials on designing the future of the vocational education system, the extent of the financial challenges facing some of Te Pūkenga's former institute of technology and polytechnic (ITP) business divisions, and therefore the sustainability of the network as a whole, has become clear. My recent discussions with you have also highlighted that Te Pūkenga has put on hold some plans to improve the financial sustainability of the network until the Government has taken decisions on the future of the system.

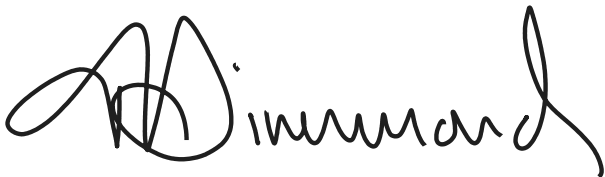
While I appreciate that there is uncertainty regarding the future design of the system, it is the duty of Te Pūkenga's council to ensure the institution operates in a financially sustainable manner. Te Pūkenga's charter also requires that it meets the needs of regions throughout New Zealand. Taken together, these requirements in my view mean it is important that Te Pūkenga takes whatever actions it considers necessary to improve the financial performance of the network as a whole, through ensuring each of the individual business divisions can become financially sustainable.

Given that many of the former ITP business divisions are currently not financially sustainable, urgent work is needed to preserve the viability of regional provision. While Te Pūkenga must be guided by its statutory functions and charter, I expect the council to consider all options available to it and I am aware that some difficult choices may need to be made to right-size operations and their associated capital assets. For some business divisions, this may require significant change to how they operate and deliver into their communities.

For the avoidance of doubt, I do not consider that actions to improve the financial position of the network, or of individual business divisions, would be inconsistent with the Government's plans or with my letter of expectation. While my proposals for the new vocational education and training system remain subject to further Cabinet decisions, consultation, and, ultimately, legislative changes, actions to improve financial performance will be needed for any future design of the system (including if Te Pūkenga had remained in its current form).

I have appreciated Te Pūkenga council and management's regular engagement with myself and officials, and I look forward to this continuing.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Penny Simmonds', with a stylized flourish at the end.

**Penny Simmonds**  
**Minister for Tertiary Education and Skills**

Cc

Gus Gilmore, Chief Executive, Te Pūkenga  
Tim Fowler, Chief Executive, Tertiary Education Commission