

## Education Report: Draft Cabinet Paper on Tai Poutini Polytechnic Capital Injection and Debt Write-off

To:	Hon Chris Hipkins		
Date:	9 February 2018	Priority:	High
Security Level:	In Confidence	METIS No:	1105669
Drafter:	s 9(2)(a) OIA	DDI:	
Key Contact:	John Brooker	DDI:	
Messaging seen by Communications team:	No	Round Robin:	No

### Purpose of Report

This paper provides you with a draft Cabinet paper that asks Cabinet to:

- agree to a capital injection for Tai Poutini Polytechnic (TPP)
- note that the Tertiary Education Commission will write off TPP's outstanding debt.

### Recommended Actions

The Ministry of Education recommends you:

- a. **note** the draft Tai Poutini Polytechnic Cabinet paper

**Noted**

- b. **note** that the paper would need to be lodged with the Cabinet Office by Thursday 15 February to make the 21 February Social Wellbeing Committee meeting

**Noted**

- c. **discuss** the draft Cabinet paper with officials at the weekly TEC agency meeting on Monday 12 February

**Agree / Disagree**

- d. **agree** that this Education Report is not proactively released at this time because final decisions are still to be made on the wider piece of work

**Agree / Disagree**



Andy Jackson  
Group Manager  
Graduate Achievement,  
Vocations & Careers  
09/02/2018

Hon Chris Hipkins  
Minister of Education

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## Previous Advice

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In December, you met with the Crown Manager of Tai Poutini Polytechnic (TPP) to discuss the business case on the future of vocational education delivery on the West Coast. With your agreement, the next step for this process would have been to consult with the public about the options in the business case.

At the same time, you started a programme of change to ensure the sustainability of institutes of technology and polytechnics (ITPs). Because this work programme may impact on the governance and management of TPP, you decided to defer consultation on the business case until the ITP programme of change was more advanced.

In January, the Tertiary Education Commission (TEC) provided you with advice on the next steps for TPP now that consultation has been deferred (TEC Report B/18/00034). That advice:

- recommended preparing a Cabinet paper describing the writing-off of TPP's debt by TEC
- noted that TPP would need additional funding to continue operating through 2018.

The draft Cabinet paper attached (Annex One) seeks Cabinet approval to draw down \$8.5 million from [REDACTED] s 9(2)(f)(iv) OIA

The paper describes for Ministers the current position of TPP and how the funding will be used. As the business case has not yet been approved, this money cannot be drawn down with a Joint Ministers paper.

The draft Cabinet paper also discusses the writing-off of the outstanding debt.

## Risks

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The risks with providing the funding are outlined in the draft Cabinet paper. The key risks include TPP's:

- ability to continue delivering quality education
- ability to continue operating in a manner suitable for a merger with another TEI or a transition to a new education model.

## Financial Implications

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The Cabinet paper is seeking to draw down \$8.5 million from the TEI merger contingency fund.

## Annexes

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Annex 1: Draft Cabinet paper: TPP Capital Injection and Debt Write-off