

NZIST Subsidiaries Governance Framework Summary (September 2020)

Please note this document is a summary of relevant provisions of the NZIST Subsidiaries Governance Framework (particularly in relation to matters which require NZIST and Secretarial approval), and regard should be had to the relevant underlying document (as referred to below). Please note this document may be updated by NZIST from time to time. Where a matter requires NZIST or Secretarial approval, the NZIST Subsidiary should seek approval from NZIST using the NZIST Approval Matters – Request for Approval Form.

<p>Key:</p> <ul style="list-style-type: none"> ✓ means the requirement is set out in relevant legislation ✓ means the requirement is set out in the NZIST Subsidiary's Constitution ✓ means the requirement is set out in the Operational and Financial Parameters Direction (OFP Direction) dated September 2020 	Decision / Action by NZIST Subsidiary	Requires NZIST Approval?	Requires NZIST Notification?	Requires Secretary or Ministerial Approval (to be sought by NZIST for and on behalf of the NZIST Subsidiary)	Notes
<p>GOVERNANCE FRAMEWORK DOCUMENTATION</p> <ol style="list-style-type: none"> 1. NZIST Functions and Charter 2. NZIST Statement of Intent 3. Constitutions of NZIST Subsidiaries 4. Operational and Financial Parameters Directions of NZIST Subsidiaries 5. Letter of Expectations from NZIST (dated 15 September 2020) <p>GUIDING PRINCIPLE TO DECISION-MAKING BY NZIST SUBSIDIARIES</p> <p>Each NZIST Subsidiary can continue to operate as it did prior to 1 April 2020 as an ITP, subject to the new governance framework restrictions - as summarised in this document.</p> <p>It is important that internal policies, particularly delegations policies, are updated as required to reflect the new governance framework, so that any required consents are sought and required notices are provided in relation to relevant matters.</p>	<p>A. Restricted Thresholds</p>				
	<p>1. Capital expenditure</p> <p>Agreeing to incur, or incurring, capital expenditure in respect of a capital project:</p> <ul style="list-style-type: none"> • which will, or is likely to, result in the NZIST Subsidiary exceeding its capital expenditure budget in the annual budget; and/or • if the cost of, or level of risk of, the capital project is equal to or above the threshold amount set by the Secretary pursuant to s222N of the Education Act 1989 (or section 327 of the Education and Training Act 2020) and: <ul style="list-style-type: none"> ○ the capital project is not within a capital plan of NZIST approved in writing by the Secretary; or ○ NZIST has not already obtained the written consent of the Secretary for the capital project. <p><i>Please refer to the Notes column regarding the distinction between existing capital projects as at 31 March 2020 and new capital projects on and from 1 April 2020 in relation to the Secretary's approval under s222N of the Education Act 1989 and section 327 of the Education and Training Act 2020.</i></p> <p>The threshold amounts (for 2020) set by the Secretary pursuant to s222N of the Education Act 1989 are also detailed in the Notes column. In short, Secretarial approval will not be required if:</p> <ul style="list-style-type: none"> • the capital expenditure is <u>within the 2020 capital expenditure budget</u> and the value of the commitment or transaction is <u>less than \$2 million</u>; or • the capital expenditure <u>exceeds the 2020 capital expenditure budget</u>, and: <ul style="list-style-type: none"> ○ the value of the commitment or transaction is <u>less than \$1 million</u>; and 	<p>✓✓</p> <p>(unless expenditure is below threshold in OFP Direction – being the threshold amount set by the Secretary)</p>		<p>✓</p> <p>(if required by section 327 of the Education and Training Act 2020)</p>	<ul style="list-style-type: none"> • See Schedule 2 of the Constitution (para (a)) and the OFP Direction (para 1(a)). • The threshold amount specified in the OFP Direction is an amount equal to or greater than the threshold amount (or level of risk) set by the Secretary pursuant to section 222N of the Education Act 1989 or section 327 of the Education and Training Act 2020 (see further below). • In practical terms, this means that where capital expenditure requires the approval of the Secretary, the NZIST Subsidiary will need to seek the prior approval of NZIST (using the <i>NZIST Approval Matters – Request for Approval Form</i>). If NZIST approves the expenditure, then NZIST will seek the approval of the Secretary for that expenditure by the NZIST Subsidiary. • Note that section 327 of the Education and Training Act 2020 provides that an NZIST Subsidiary may only undertake a capital project if: <ul style="list-style-type: none"> ○ the cost of, or level of risk of, the project to NZIST is below thresholds set by the Secretary; or ○ the project is within a capital plan of NZIST approved in writing by the Secretary; or ○ NZIST has obtained the written consent of the Secretary for the project. <p>Existing Capital Projects as at 31 March 2020</p> <ul style="list-style-type: none"> • The NZIST Council has received a letter from the Secretary for Education confirming that <i>consent is not required</i> from the Secretary for existing capital projects that have been approved by the former council of each NZIST Subsidiary's Existing Polytechnic. • However, if the NZIST Subsidiary is proposing to undertake capital expenditure in relation to an existing capital project and the expenditure will, or is likely to, result in the NZIST Subsidiary exceeding its capital expenditure budget in the annual budget, approval will still be required from NZIST. <p>New Capital Projects on and from 1 April 2020</p> <ul style="list-style-type: none"> • The Secretary has consulted with NZIST on interim capital project thresholds for 2020. The interim thresholds set by the Secretary for the purposes of section 327(1)(a) of the Education and Training Act 2020 are published (on behalf of the Ministry of Education) at the following link: https://www.tec.govt.nz/assets/Forms-templates-and-guides/Interim-Thresholds-for-Approval-of-Capital-Expenditure-by-the-Secretary-of-Education_NZIST.pdf

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	<ul style="list-style-type: none"> the <u>aggregate value</u> of such transactions across the relevant NZIST Subsidiary <u>does not exceed</u> the 2020 capital expenditure budget by more than <u>\$5 million</u>. 				<ul style="list-style-type: none"> In summary, capital expenditure committed, or undertaken in a transaction or related series of transactions, by an NZIST Subsidiary will be within the limits of the interim thresholds set by the Secretary (and will not require Secretary approval) if: <ul style="list-style-type: none"> Budgeted Capital Expenditure: The capital expenditure is within the expenditure provided for in the 2020 annual budget approved by the Council of the prior ITP (Budgeted Capital Expenditure) and the value of the commitment or transaction is less than \$2 million; or Unbudgeted Capital Expenditure: The capital expenditure exceeds the Budgeted Capital Expenditure, and the value of the commitment or transaction is less than \$1 million and the aggregate value of such transactions across the relevant NZIST Subsidiary does not exceed the Budgeted Capital Expenditure by more than \$5 million. Please note that even if Secretary approval is not required for new capital expenditure because: <ul style="list-style-type: none"> the capital expenditure is within the limits of the interim thresholds set by the Secretary as detailed above; or the project is within a capital plan of NZIST approved in writing by the Secretary; or NZIST has obtained the written consent of the Secretary for the project, NZIST approval will still be required if the capital expenditure will (or is likely to) result in the NZIST Subsidiary exceeding its Budgeted Capital Expenditure.
<p style="text-align: center;">NZIST FUNCTIONS</p> <p style="text-align: center;">Each NZIST Subsidiary must give effect to NZIST's functions:</p> <ol style="list-style-type: none"> To provide or arrange, and support, a variety of education and training, including vocational, foundation, and degree-level or higher education and training; To conduct research, with a focus on applied and technological research; To be responsive to and to meet the needs of the regions of New Zealand and their learners, industries, employers, and communities by utilising NZIST's national network of tertiary education programmes and activities; To improve the consistency of vocational education and training by using skill standards 	<p>2. New Debt and New Borrowing Limits</p> <ul style="list-style-type: none"> Any new borrowing, issuing of debentures or otherwise raising money (except in relation to any finance leases). Entering into any new finance lease that would result in the NZIST Subsidiary's Tier 1 borrowing being in excess of the Tier 1 "exempt borrowing" limit in the Ministerial Determination on Exempt Borrowing (https://gazette.govt.nz/notice/id/2014-go2538) Any new borrowing limits in relation to any existing debt or borrowing facilities. 	<p style="text-align: center;">✓✓</p> <p>(all new borrowing and new borrowing limits require consent of NZIST)</p>		<p style="text-align: center;">✓</p> <p>(pursuant to section 282(4) and 328 of the Education and Training Act 2020, unless the consent of the Secretary is not required under section 282(5) of the Education and Training Act 2020)</p>	<ul style="list-style-type: none"> See Schedule 2 of the Constitution (paras (b) and (n)) and the OFP Direction (para 1(b)). Refer to Gazette of 1 May 2014 for Ministerial Determination on Exempt Borrowing (https://gazette.govt.nz/notice/id/2014-go2538), TEC guidance on Finance Leases (https://www.tec.govt.nz/teo/working-with-teos/tei/finance-lease/) and TEC guidance on Exempt Borrowing (https://www.tec.govt.nz/teo/working-with-teos/tei/borrowing/). Please note that in relation to requests from NZIST to the Ministry of Education in respect of intercompany borrowing between NZIST Subsidiaries, the Ministry of Education has confirmed, by way of letter to the NZIST Council dated 9 September 2020, that the Secretary for Education has given her standing consent to NZIST and NZIST Subsidiaries exercising the powers in section 282(4) of the Education and Training Act 2020 where the exercise of those powers does not affect the overall balance sheet of the group comprising NZIST and NZIST Subsidiaries. The powers may be exercised by the entering into of arrangements between NZIST and any NZIST Subsidiaries, or between any NZIST Subsidiaries.
	<p>3. Drawdown on existing debt facilities</p> <p>Drawing-down on any existing debt or borrowing facilities either:</p>	<p style="text-align: center;">✓✓</p> <p>(unless draw-down is below the threshold in OFP Direction – i.e.,</p>			<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (c)) and the OFP Direction (para 1(c)) for the specified threshold.

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<p>and working in collaboration with workforce development councils;</p> <p>5. To improve outcomes in the tertiary education system as a whole, including (without limitation) by making connections with schools and other organisations involved in tertiary education and by promoting and supporting life-long learning;</p> <p>6. To improve outcomes for Māori learners and Māori communities in collaboration with Māori and iwi partners, hapū, and interested persons or bodies; and</p> <p>7. To carry out any other functions consistent with NZIST's role as a tertiary education institution.</p>	<ul style="list-style-type: none"> in advance of the budgeted draw-downs for the financial year; and/or in excess of the total budgeted draw-downs for the financial year by the specified threshold, being where the total draw-downs would be more than 105% of total budgeted draw-downs. 	<p>where total draw-downs would be more than 105% of total budgeted draw-downs for the financial year)</p>			
<p style="text-align: center;">NZIST CHARTER</p> <p>Each NZIST Subsidiary must give effect to the NZIST Charter:</p> <p>1. The New Zealand Institute of Skills and Technology (NZIST) exists to perform the functions set out in section 315 of the Education and Training Act 2020.</p> <p>2. NZIST will be responsive to the needs of all regions of New Zealand, their learners, industries, employers, and communities.</p> <p>3. To meet the needs of regions throughout New Zealand, NZIST must—</p> <p>(a) offer in each region a mix of education and training, including on-the-job, face-to-face, and distance delivery that is accessible to the learners of that region and meets the needs of its learners, industries, and communities; and</p>	<p>4. Disposal of property assets</p> <p>Selling or otherwise disposing (including by way of gifting) of property assets or interests in property assets above the specified threshold, being an amount equal to or greater than the property asset disposal threshold determined by the Minister pursuant to section 192(5) of the Education Act 1989 (being a specified formula) or section 282(5) of the Education and Training Act 2020.</p>	<p style="text-align: center;">✓✓</p> <p>(unless disposal is below specified threshold in OFP Direction – being the specified formula determined by the Minister)</p>		<p style="text-align: center;">✓</p> <p>(pursuant to sections 282(4) and 328 of the Education and Training Act 2020, unless the consent of the Secretary is not required under section 282(5) of the Education and Training Act 2020)</p>	<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (d)), which provides that the disposal of all assets (or interests in assets) requires NZIST consent as a “Reserved Matter” (NZIST Approval Matter) if the disposal is in excess of the threshold amount set out in the OFP Direction. See paragraph 1(d) of the OFP Direction for the threshold. See sections 282(4) and 328 of the Education and Training Act 2020 for the requirement to obtain written consent of the Secretary (subject to the provisions of section 282(5) of the Education and Training Act 2020). Section 282(5) of the Education and Training Act 2020 provides that the consent of the Secretary is not required for selling or otherwise disposing of, an asset or an interest in an asset, where the value of the asset or interest does not exceed an amount determined by the Minister or an amount ascertained in accordance with a formula determined by the Minister. The Minister has determined that particular consent requirements apply to the disposal of property assets and/or interests in property assets (excluding land and buildings held in Crown title). Guidance published by the Tertiary Education Commission specifies that: <ul style="list-style-type: none"> Property means land and/or buildings. An interest in land includes an easement. Ordinarily, an interest in land would also include a lease, but there are particular consent requirements for leases (see section 7 of this table). A property disposal includes the selling of property and the demolition of buildings. The Minister has specified a formula for determining the threshold amount for disposals of property and/or interests in property assets. Disposals valued above that threshold amount require the consent of the Secretary. Please refer to the Tertiary Education Commission's website for further details: https://www.tec.govt.nz/teo/working-with-teos/tei/asset-management-teis/land-buildings/
	<p>5. Disposal of non-property assets</p> <p>Leasing, selling or otherwise disposing (including by way of gifting) of non-property assets or interests in non-property assets in a transaction, or series of related transactions, above a specified threshold, being an amount equal to the threshold amount of disposals of plant and equipment and financial assets as determined by the Minister pursuant to section 192(5) of the Education Act 1989 (being a specified</p>	<p style="text-align: center;">✓✓</p> <p>(unless disposal is below threshold in OFP Direction)</p>		<p style="text-align: center;">✓</p> <p>(pursuant to sections 282(4) and 328 of the Education and Training Act 2020, unless the consent of the Secretary is not required under</p>	<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (d)), which provides that the disposal of all assets (or interests in assets) requires NZIST consent as an NZIST Approval Matter if the disposal is in excess of the threshold amount set out in the OFP Direction. See paragraph 1(e) of the OFP Direction for the threshold – being an amount equal to the threshold amount of disposals of plant and equipment and financial assets as determined by the Minister pursuant to section 192(5) of the Education Act 1989 (being a specified formula) or section 282(5) of the Education and Training Act 2020.

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(b) operate in a manner that ensures its regional representatives are empowered to make decisions about delivery and operations that are informed by local relationships and to make decisions that meet the needs of their communities; and (c) ensure that international learners are attracted to train and study in regions throughout New Zealand; and (d) ensure that there is collaboration across its national network; and (e) maintain a high-quality coherent network of infrastructure that meets regional skills needs.	formula) or section 282(5) of the Education and Training Act 2020.			section 282(5) of the Education and Training Act)	<ul style="list-style-type: none"> See sections 282(4) and 328 of the Education and Training Act 2020 for the requirement to obtain written consent of the Secretary (subject to the provisions of section 282(5) of the Education and Training Act 2020). Section 282(5) of the Education and Training Act 2020 provides that the consent of the Secretary is not required for selling or otherwise disposing of, an asset or an interest in an asset, where the value of the asset or interest does not exceed an amount determined by the Minister or an amount ascertained in accordance with a formula determined by the Minister. The Minister has specified a formula for determining the threshold amount for disposals of plant and equipment and financial assets. Disposals valued above that threshold amount require the consent of the Secretary. Please refer to the Tertiary Education Commission's website for further details: https://www.tec.govt.nz/teo/working-with-teos/tei/asset-management-teis/sale-plant-equipment-financial-assets/
4. NZIST must operate in a way that allows it to— (a) empower students and staff on academic, non-academic, and well-being matters and matters relating to the organisation's practices and services; and	6. Charging of assets Mortgaging or otherwise charging assets or interests in assets above a specified threshold, being \$500,000	✓✓ (unless charging of assets is below threshold in OFP Direction – being \$500,000)		✓ (pursuant to sections 282(4) and 328 of the Education and Training Act 2020, unless the consent of the Secretary is not required under section 282(5) of the Education and Training Act)	<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (e)) and the OFP Direction (para 1(f)). See sections 328 and 282(4) of the Education and Training Act 2020 for the requirement to obtain written consent of the Secretary (subject to the provisions of section 282(5) of the Education and Training Act 2020). Section 282(5) of the Education and Training Act 2020 provides that the consent of the Secretary is not required for mortgaging or otherwise charging an asset or an interest in an asset, where the value of the asset or interest does not exceed an amount determined by the Minister or an amount ascertained in accordance with a formula determined by the Minister.
(b) develop meaningful partnerships with— (i) industry across the country, including Māori and Pacific employers, smaller employers, and those operating in niche sectors; and (ii) communities at a local level, including hapū and iwi, and Pacific communities; and	7. Leases and licences Entering into leases or licences (but excluding where a counterparty exercises any right of renewal) of land, buildings or parts of buildings (by the NZIST Subsidiary as grantor or grantee): <ul style="list-style-type: none"> where the annual rent payable or receivable is in excess of the threshold amount, being \$400,000; or which is for a term (including any rights of renewal) in excess of three years (for NZIST approval) or 15 years (for Secretarial approval) 	✓✓ (unless lease or licence is below time and value thresholds in OFP Direction – being \$400,000 and three years)		✓ (pursuant to sections 282(4) and 328 of the Education and Training Act 2020, but only for granting particular leases of land or buildings or parts of buildings over 15 years)	<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (f)) and the OFP Direction (para 1(g)). See sections 282(4) and 328 of the Education and Training Act 2020 for the requirement to obtain written consent of the Secretary for granting leases of land or buildings or parts of buildings (subject to the provisions of section 282(5) of the Education and Training Act 2020). Section 282(5) of the Education and Training Act 2020 provides that the consent of the Secretary is not required for granting a lease for a term that does not exceed, and when added to any term for which the lease may be renewed does not exceed, 15 years.
(c) use the insights gained through partnerships to—	B. Restricted Actions				
	8. Receipt of gifts Receipt of any of gifts of real property (e.g., land and buildings), personal property (e.g., shares or options to acquire shares) or any other asset, real property or personal property that has material or long-term	✓			<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (g)) (including for a detailed description of the types of gifts).

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(i) develop and provide vocational education and training that meets short-term and long-term skills needs; and (ii) expand industry training into smaller employers and niche sectors; and (iii) align education and training delivery to support the unique social and economic goals of local communities; (iv) work towards equity for learners and staff of different genders, ethnicities, cultures, and abilities; and (d) reflect Māori-Crown partnerships in order to— (i) ensure that its governance, management, and operations give effect to Te Tiriti o Waitangi; and (ii) recognise that Māori are key actors in regional social, environmental, and economic development; and (iii) respond to the needs of and improve outcomes for Māori learners, whanau, hapū and iwi, and employers; and (e) hold inclusivity and equity as core principles, recognising and valuing the diversity of all of its learners, and providing the unique types of support different learners need to succeed; and (f) meet the needs of all of its learners, in particular those who are under-served by the education system, including	operating or capital costs or liabilities (including contingent liabilities)				
	9. Annual Academic Programme Any development of, or changes to, any qualifications, programmes or related course material outside of any annual academic programme agreed with NZIST from time to time	✓			<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (h)). Please note that NZIST has not agreed any annual academic programme with NZIST Subsidiaries and so, in practice, this provision will not apply unless and until that occurs. However, please see item 21 below in relation to programme delivery.
	10. Name of the NZIST Subsidiary Changing the name of the NZIST Subsidiary	✓			<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (i)).
	11. Acquiring shares or interests Acquiring shares in any company or acquiring an interest in any partnership, joint venture, or other association of persons, or an interest in a company other than in its shares	✓			<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (j)).
	12. Trusts Settling a trust or being appointed a trustee of a trust	✓			<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (k)).
	13. Additional subsidiaries Incorporating, establishing or acquiring a subsidiary company	✓		✓	<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (l)), which provides that the incorporation, establishment or acquisition of a subsidiary by an NZIST Subsidiary requires the approval of NZIST as an NZIST Approval Matter.
	14. Ring-fenced amounts Expending, drawing-down or otherwise dealing with any amounts that have been ring-fenced by the NZIST Subsidiary in accordance with any ring-fencing policy of NZIST	✓			<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (m)) and the NZIST Cash Reserves and Ring-Fencing Policy (Ring-Fencing Policy). A copy of the Ring-Fencing Policy and further information is available at: https://vocationaleducation.ac.nz/news/category/news/how-the-ring-fencing-policy-works-and-what-it-means In summary, the Ring-Fencing Policy requires that the Ring-Fencing Policy is applied to a ring-fenced amount based on existing qualifying cash reserves as at 31 March 2020 (Ring-Fenced Amount). The Ring-Fenced Amount is to be used solely in the relevant regions in which the relevant NZIST Subsidiary was located and operated when it was brought into the NZIST group on 1 April 2020. Approval to use the Ring-Fenced Amount will be in accordance with the relevant nature of the expenditure – e.g., a request to NZIST to spend all or part of the Ring-Fenced Amount on a capital project will be considered in light of the capital expenditure NZIST Approval Matter referred to at item 1 of this document.
	15. Director Remuneration Authorisation of Director Remuneration	✓			<ul style="list-style-type: none"> See Schedule 2 (para (o)) and clause 13 of the Constitution. Remuneration must be in accordance with the Fees Framework.

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<p>(without limitation) Māori, Pacific, and disabled learners; and</p> <p>(g) promote equitable access to learning opportunities for learners across all regions; and</p> <p>(h) have culturally responsive delivery approaches, whether on campus, in the workplace, online, or otherwise; and</p> <p>(i) work collaboratively with schools, wānanga, and other tertiary education organisations (including workforce development councils) to improve the outcomes of the education system as a whole, including the transition of learners into employment.</p>	16. Director indemnity and insurance Providing an indemnity and effecting insurance for directors of the NZIST Subsidiary	✓			<ul style="list-style-type: none"> See clause 14.1 of the Constitution. Note that section 162 of the Companies Act 1993 provides an indemnity may be provided and insurance effected by the NZIST Subsidiary in respect of its directors if expressly authorised by the NZIST Subsidiary's constitution.
	17. Asset management and utilisation plans Approval of an asset management and utilisation plan for the NZIST Subsidiary	✓			<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (p)).
	18. Budgets and funding <ul style="list-style-type: none"> Adoption of budget guidelines Approval of an annual budget and funding and delivery proposal 	✓			<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (q) and (r)).
	19. Out of scope activities Approval of any transaction or activity which is inconsistent with the scope and/or nature of the NZIST Subsidiary's activities set out in the approved annual budget and funding proposal	✓			<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para s)).
	<p>5. In giving effect to clause 4, NZIST must ensure that—</p> <p>(a) students and employers can transition seamlessly between delivery sites and educational modes, including between workplaces and other forms and places of learning; and</p> <p>(b) programmes of study and qualifications are portable and consistent, yet flexible enough to meet local needs; and</p> <p>(c) the academic integrity of the education and training programmes it delivers is protected; and</p>	20. Major transactions Entering into any major transaction (as defined in section 129 of the Companies Act 1993).	✓		
<p>(d) New Zealand's reputation as a quality study destination for international learners is sustained; and</p> <p>(e) the range of education and training options available to learners and</p>	21. Operational NZIST Approval Matters Decisions on any operational matter which is specified to be a Reserved Matter/NZIST Approval Matter in an OFP Direction, including any: <ul style="list-style-type: none"> change to the remuneration of Chief Executive approval of any remuneration for any new Chief Executive approval of any proposed changes to the terms and conditions of employment of the Chief Executive, or 	✓✓			<ul style="list-style-type: none"> See Schedule 2 of the Constitution (para (t)). The specific operational matters requiring NZIST approval will be set out in the OFP Direction issued by NZIST from time to time.

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employers is appropriately broad and current; and (f) future skill needs are anticipated and quickly responded to; and (g) teaching and learning is supported by research, evidence, and best practice; and (h) learning pathways provide learners with a range of opportunities to progress to higher levels of education and training, and also into employment; and (i) the needs of adult and second-chance learners are afforded high priority.	any proposed terms and conditions for any new Chief Executive <ul style="list-style-type: none"> negotiation and agreement of any Multi Employer Collective Agreement change, development and implementation of business systems materially inconsistent with guidelines and limits adopted by NZIST and notified to the NZIST Subsidiary setting of student fees outside of the annual budget agreed by NZIST adoption of any academic policies, student regulations and statutes that are inconsistent with any model academic policies, student regulations and statutes notified by NZIST to the NZIST Subsidiary from time to time decision to remove a programme from, add a programme to, or change any programme on (where the change would result in a material change to the nature, scope and purpose of that programme that would impact on the NZIST network of programme delivery), the list of programmes prepared by the NZIST Subsidiary to support the NZIST Subsidiary's then-current investment plan provided to the Tertiary Education Commission for the purposes of the NZIST Subsidiary obtaining SAC funding change of scope of regional delivery of programmes decision relating to the design or implementation of regional or international marketing which is materially inconsistent with NZIST's brand standards and/or marketing approach 				
C. Notification and Consultation Matters					
	22. Matters requiring notification and consultation Matters specified in an OFP Direction in respect of which the NZIST Subsidiary must give NZIST reasonable notice, consult with NZIST and have due regard to NZIST's comments, including any: <ul style="list-style-type: none"> circumstances where the NZIST Subsidiary is likely to exceed, or exceeds, 102% of its total budgeted operating expenditure for a financial year 		 (Note that consultation is also required)		<ul style="list-style-type: none"> The specific matters requiring notification and consultation will be set out in the OFP Direction issued by NZIST from time to time (see clause 7.2(c) of the Constitution). Please note that NZIST issued guidance to NZIST Subsidiaries on 5 June 2020 regarding collective bargaining and, in particular, the parameters that will apply to Collective Employment Agreements as contemplated by the OFP Direction.

Key: ✓ means the requirement is set out in relevant legislation ✓ means the requirement is set out in the NZIST Subsidiary's Constitution ✓ means the requirement is set out in the Operational and Financial Parameters Direction (OFP Direction) dated September 2020	Decision / Action by NZIST Subsidiary	Requires NZIST Approval?	Requires NZIST Notification?	Requires Secretary or Ministerial Approval (to be sought by NZIST for and on behalf of the NZIST Subsidiary)	Notes
	<ul style="list-style-type: none"> • circumstances where the NZIST Subsidiary is likely to receive, or receives, less than 98% of its total budgeted operating expenditure for a financial year • appointment of Chief Executive • performance review of Chief Executive • adoption or amendment of student regulations and statutes (where consent is not required above) • development and adoption of the NZIST Subsidiary's statement of strategic intent • initiating bargaining for, bargaining and entering into any Collective Employment Agreement (other than a MECA) (provided that the NZIST Subsidiary must ensure that the terms of any concluded Collective Employment Agreement are within agreed parameters set by NZIST as notified by NZIST from time to time, with any departure from those parameters (if any) requiring NZIST consent, and with any difficulties in concluding a Collective Employment Agreement to be advised by the NZIST Subsidiary to NZIST) • proposed restructuring of the NZIST Subsidiary which would in the NZIST Subsidiary's view, have a substantial impact on NZIST's strategic direction and initiatives as notified by NZIST to the NZIST Subsidiary from time to time. For any other proposed restructuring, the Company is expected to (i) participate in any NZIST group transition programme that exists, and (ii) notify NZIST of the outcome, in each case in order to keep NZIST informed <p>The OFP Direction also provides that NZIST Subsidiaries are required to notify NZIST (but not consult with NZIST) where there are any new employment policies introduced.</p>				