

Playcentre

In November of last year, the Ministry of Education provided the services of the Hon. Tracey Martin to the Playcentre Aotearoa Trustee Board for professional development in governance.

As noted at that time, Tracey has a long-term relationship with Playcentre, having attended Playcentre with her own children, attending Trustee Board meetings pre-amalgamation and in 2020 negotiating a one-off grant of \$4.2M as the Associate Minister of Education at the time. Tracey has extensive knowledge in governance having sat on numerous Boards and been a consultant to many more. The Board has found her support invaluable.

Tracey's contract with the Ministry concluded as of March 31st 2022, however the Board have agreed to continue contracting her services directly moving forward.

As a conclusion of her work on behalf of the Ministry, Tracey has drafted a report outlining her assessment of the current state of our organisation. The report has been challenging and sobering for the Board and the Board believed it should be shared with the wider organisation.

Tracey presented her findings to both local centres and staff in early April 2022 and this is a copy of her presentation.

Playcentre 

From the outside looking in.

Hon. Tracey Martin.

For clarity – these are my opinion's and findings based on my experience, information received and conversations I have had regarding the challenges being faced by Playcentre Aotearoa. There are some that will not / do not agree with my perspectives.

Contracted by the Ministry of Education in November 2021

Why contract anyone?

The Ministry had developed concerns around Playcentre Aotearoa's governance and ability to support both staff and learning after being contacted by a number of staff members.

Why contract me?

I an ex-playcentre parent, I am passionate about Playcentre, I negotiated Playcentre specifically into the creation of the 2017 - 2020 government, I gained a specific delegation from the Prime Minister to assist playcentre as Assoc. Minister of Education.

Contractual Obligation

Contract had two parts:

Part one: report on “The current State Assessment needs to identify and investigate the concerns and challenges that the Playcentre Aotearoa’s Board, Playcentre Aotearoa’s Management and their staff have identified as impacting their ability to support teachers, kaiako and/or educators to maintain and improve their teaching practices.”

Part two: report on “how the service can be effectively governed and managed in accordance with management practices, to strengthen the self-review processes and ensure a shared understanding of internal evaluation, to successfully manage and embed the current changes in place at Playcentre Aotearoa and that suitable human resource management practices can be implemented “

My findings

In 2019 Playcentre Aotearoa made a massive leap from a locally run, close to the ground federation and committee-based organisation to a centrally run and governed nationwide Charitable Trust and PTE.

After multiple interviews with past Board members, current Board members, past staff members and current staff members I have formed the following views.

My findings

- ❑ The amalgamation process to form Playcentre Aotearoa **has not** been completed.
- ❑ To create a single organisation through a High Court ruling and gain acceptance of the current constitution **compromise was made** that hampers the organisation by placing restrictions to best practice governance.
- ❑ The systems in place, created by the Constitution, are contradictory to legislative requirements and complex with little understanding of the separation of Governance and Management.

My findings

- ❑ The systems and processes to appropriately support governance, ensure compliance and appropriately delegate responsibilities to management have either not been in place or not implemented from the beginning of the amalgamated entity.
- ❑ The above has had a negative effect on the organisations ability to support the centres throughout New Zealand and has placed the organisation at great risk.
- ❑ There is a lack of understanding of the parameters of rights and responsibilities in what are distinct groups inside the organisation.

My findings

- ❑ The current constitution puts elected Board members at extreme personal risk by suggesting/requiring the devolvement of their decision-making powers (policy, finance, etc) while legislation holds them individually and collectively responsible for these same decisions.
- ❑ It encourages actions by individuals/centres that not only puts the organisation at extreme risk but also places the Board members and CE at risk of breaching their duties under law and thereby being held personally responsible by the courts.

My findings

- ❑ It is the view of many inside the organisation that the Board itself does not govern – they believe **the membership governs** – while this philosophy (co-operative) was introduced in the 1960s much has changed since then. This is no longer possible under current and future legislative responsibilities and requirements and with the change to a Ministry contractor. Currently individuals/centres are taking actions for which Board members and the CE are legally liable, at great risk to both.
- ❑ This belief has also justified the distribution of organisational information and data, including individual complaints and personal grievance information, inappropriately throughout the organisation, via social media and beyond.

My findings

It is my view that the current organisational structure lacks clarity around roles and responsibilities.

The current structure **does not** represent the decision of the High Court when delivering amalgamation and **does not** support the organisation to deliver on the promise of the amalgamation.

There are effectively four separate groups created by the Constitution to be considered. These are:

Parent Members

- + Many believe (and the constitution supports this belief to some extent) that the membership governs the organisation (not the Board), that each individual member has the right to access all Board and organisation information, to have input into every decision – from the hiring of staff to the negotiation of contracts. This has led to constant questioning of staff by parent members – often inappropriately by threatening staff and requiring them to justify every action – this has negatively impacted on staff mental wellbeing and has, I believe, led to staff resignations.
- + **This is not appropriate or sustainable.** The elected Board members are, both individually and collectively, held accountable under law for the success or failure of the organisation. They are answerable to the membership (as elected officials), the New Zealand public (due to the iconic status of the organisation), the funders (predominately tax payers money), the regulators (NZQA and TEC), and the courts.

Parent Members

- + This “grass roots” belief provides extreme financial risks for the organisation and Board members. Board members are legally responsible for appropriate spending and accounting for all income – either through grant, contract or monies fundraised using the Playcentre brand. Yet the organisation does not have full oversight over all bank accounts, spending or income gained. This leaves risk in the areas of fraud, tax error and misappropriation. The 2021 audit reports specifically states “the potential risk of fraud at Centre level is high”.
- + While members are mentioned often, in many contexts, there is no clarity or consistency on who the members actually are (individual parents? centres?) and how their voice is heard (the selection of reps is poor, many centres have no idea who their reps are and “members” are excluded from the AGM by the system of reps. There is also no ability for the centres to be directly involved in the appointment of Trustees, which is where their true influence over the organizational direction can manifest.

Trust Board

- + The Constitutional system to elect members of the Board is not conducive to stability of governance and the term of appointment should be reviewed.
- + Consideration should be given to the ability to appoint Board members from outside the organisation to ensure the appropriate expertise makes up a percentage of the Board.
- + The two house system is a sound mechanism to provide the organisation with a treaty based Board but its role in all other areas of the organisation should be reviewed.
- + Board members have had a lack of or no understanding of the concept of Board best practice including Board confidentiality and collective responsibility.
- + Board members have had a lack of understanding around the division of roles and responsibilities and often interfered in day-to-day management. This is not a custom just of the directly previous board but seems endemic of the organisation since its inception.

Trust Board

- + Some Board members have adhered to the belief that membership govern and so they regularly breached Board confidentiality and distributed Board papers and information inappropriately.
- + There has been no Secretariate support for the Board and so processes that would appropriately maintain the required transparency but also the required confidentiality are lacking.
- + Board members appear to be extremely risk adverse – fearful of making the “wrong” decision which will lead to legal challenges from parent members, with good reason as this has been threatened on a number of occasions. This has led to an inappropriate focus on day to day small issues and the “current crisis” rather than future focused strategic planning.

Senior Leadership Team

- + There has been high turnover in the Leadership Team and for a period the Board had to take over many major roles.
- + One reason for this turn over appears to be the organisational structure imposed by the Constitution and the confusion this creates for those in leadership roles and the treatment of staff by parent members who believe they are their “boss”.
- + Suitably qualified individuals have been employed as part of previous leadership teams but after a few months have found the structure and organisation so unprofessional that they have left for other organisations.
- + There is a strong leadership team in place currently with the employment of David Moger as CE. His experience in other organisations will be invaluable in Playcentre improving its day to day practice. However is my view that if the organisational structure is not corrected to reflect best practice in governance and business there will continue to be high turnover in senior members which not only costs the organisation money in recruitment but reputation. I am not confident that the organisation would survive for long if this level of turnover continues.

Staff

- + The Constitution specifically provides for employees to be members of the organisation with the powers and rights provided by that constitution. This creates an immediate conflict for the organisation and the employee.
- + There appears to be little to no understanding of the conflict this places upon those employees or understanding by those staff members of the division between their employment role and their membership role.
- + There is also a very large number of part time staff on low hours which adds to fixed costs and reduces productivity and investment in professional development
- + I have been shocked by the personalisation of the attacks on Board members and am more than disappointed at the lack of professionalism displayed by a small number of employees. It would appear that being both staff member and parent member has resulted in a lack of disciplinary processes that would appear in a standard workplace.

Recommendations

- + The constitution should be **independently** reviewed or replaced with a Trust deed with urgency. The Board must be empowered to meet its legal responsibilities as a duly elected body to which each member is held responsible, this includes budget setting and appropriate oversight over all income and outgoings.
- + This review should be undertaken by a small group and then presented to the Membership. It is my view that the group should comprise a Board Member from each house (not either co-Chair), the Chief Executive, the Organisations Lawyer and an independent member external to the organisation but with governance/ constitutional / trust deed experience.

Recommendations

- + A stronger process for appropriately empowering the membership to participate in the vision and values statements needs to be developed with urgency. This would empower the Board and Senior Leadership to create a long term strategic plan and an annual plan for delivery. These plans and actions taken should be annually reported at a conference or AGM so the membership is informed on progress to reach that vision.
- + Management needs to take back control of the internal communications system (from both the Board and staff) and ensure there are appropriate processes in place and enforced to secure the privacy of individual information, so that only officially approved correspondence is disseminated via official channels.

Recommendations

- + The Board must create and agree a communications plan. All Board communications must be circulated via the Board Secretary. An inwards and outwards correspondence system should be implemented immediately.
- + Management must address the negative culture inside the organisation and create clear lines of expectation for those staff who are also “members” of the organisation. A clear complaints and concerns system as well as a fair and transparent discipline process needs to be implemented as a “complaints culture” has appeared to have developed over the last 12 to 18 months.

Recommendations

- + Board members must desist from all unofficial communication with staff and parent members around complaints or concerns. They must direct these individual back to the process without bias.
- + The Chief Executive will have to reset the culture of the staff so that a level of professionalism is reinstated around their dealings with the Board – their employers.
- + Staff require professional development around the responsibility and information flows inside the organisation so that they know where/ to whom they can go to gain the appropriate level of information for their role.

Recommendations

- + Workshops for the Board on: Governance, Health and Safety and Strategic Planning.
- + Resetting the line between Governance and Management and educating trustees on how they hold Management to account without interfering in day-to-day business.

Recommendations

- + Upskill the parent membership to the legal responsibilities Board members carry, that their first responsibility is to the success of the organisation – not to membership – as this is what they will be held accountable for by courts – on the current legislative requirements the Board and organisation must adhere to and the consequences if they do not. For example, all Board members and CE are recognised as PCBUs under the new Health and Safety Act – this includes responsibilities around the physical environment and mental wellbeing. This could be a session at a new look conference/AGM.
- + The membership also needs to recognise that if they continue to communicate directly with their Board members requesting them to either breach the confidentiality of the Board or interfere in the operations of the organisation that they are putting those members at risk of either removal from the Board for a breach of their conduct agreement or worse, at legal risk.

These were my findings reported to MoE on 15th December 2021 and are relevant to that date. This State Assessment reflects what I saw at that time.

A lot has happened that has positively impacted Playcentre Aotearoa. For example on the 1st of November 2021 the organisation employed a new CE, David Moger.

David has a large portfolio of experience in the Not-for-profit sector and membership organisations which over the last decade has incorporated being the CE for the Royal New Zealand Returned Service Association, the National Council of YMCAs and the Funeral Directors Association of New Zealand. These organisations were all facing varying degrees of challenge, particularly the RNZRSA.

Not only has this provided David with the senior leadership skills the organisation was lacking, and had been for some time prior to my engagement, but the variety of not-for-profits that he has experienced is standing him in good stead as he works to support the Board with their governance responsibilities and reorientate the leadership team, staff, and operational structure for success.

I also want to commend the previous Board for managing to hold the organisation together under the most difficult circumstances – the majority of which were not of their making but for which they were held accountable. I have the upmost respect for these women who put their love of Playcentre above their own mental health and real legal risk.

I want to acknowledge the current Board for the work they have done in a very short time to come together for the betterment of Playcentre Aotearoa, to upskill on their responsibilities and challenges, for making immediate changes to Board processes to begin the shift to best practice and their commitment to the future of this organisation.

Playcentre has changed ECE in New Zealand. Learning through play is now accepted and practices across the ECE sector – this is no longer unique to this organisation.

However it is **my view** that Playcentre is still unique in New Zealand - its uniqueness lies in its very first purpose from the 1940s - to support good parents to be great through learning about and supporting their children's learning through play, by supporting each other and creating a caring community of parents. This is their point of difference.

Playcentre can be a leader in parent education and child wellbeing once again but only if they upskill, become professional in their dealings with others, set a clear vision for the future and all be going in the same direction.

The Board must be empowered to lead if it wants this organisation to survive!

Playcentre

The Board are working through Tracey's report point by point, getting expert advice and developing recommendations to put to the organisation. The Board plans on sharing these recommendations and consulting with the wider organisation as soon as possible.

Further information sessions are planned and will be announced through the usual communication channels. Nga hi ā-whare 2022 is set for the 17th-19th June, when these matters will be discussed further.

A Q&A section is being set up on the website and questions can be submitted to administrator@playcentre.org.nz which will then be answered and posted on the website.