

### ***What is Ki te pae tawhiti?***

***Ki te pae tawhiti*** is the project which will enable completion of the amalgamation journey begun in 2015. The central recommendations are to:

1. Approve a new Trust Deed which gives power to the Trustees to Act, gives power to Playcentre whānau to choose Trustees, and centralises Centre Finances
2. Provide full administration support for every Centre

### ***What is the amalgamation?***

In 2015 Playcentre Associations around the country agreed to amalgamate into one national organisation called Te Whānau Tupu Ngātahi o Aotearoa - Playcentre Aotearoa, we refer to this as 'the amalgamation'. The operational amalgamation began in 2017 and the legal side became official in 2019 with the High Court approval.

### ***Why did we decide to amalgamate?***

- To avoid Centre closures through provision of national support,
- To increase efficiencies by streamlining our operational processes across the motu; 'more play, less admin',
- More money! We had been operating at a deficit for a number of years, and we hoped the amalgamation would set us up to secure more funding to cover our operational costs, as well as providing the opportunity for growth,
- It was becoming more and more obvious that individual siloed centres would not be able to stay afloat under the ever-increasing weight of regulation, compliance and administration, and
- Societal, demographic and economic changes were contributing to burn out for parent volunteers

### ***If we are operating at a deficit budget, how is it proposed that we pay for this plan?***

We have begun a funding model co-design process with the Ministry of Education that, if successful, will allow us to afford these changes. We have contracted the Hon. Tracey Martin (former Associate Minister of Education) to support us with this process, and initial indications from the MoE are very encouraging.

### ***OK so what happened since the amalgamation? Why don't we have 'more play, less admin' already?***

For the past 5 years we've been working hard to get this new operational structure up and running in the face of numerous challenges:

- Shift from 32 associations with limited numbers of employees to one national organisation with, at one stage, having over 1,000 employees,
- An operational structure not fit for purpose,
- Lack of effective operational leadership,
- Very high turnover in the national operations team,
- Struggles finding local staff in some areas,

- Inadequate investment in systems to support an organisation of our size,
- Legislative changes such as updates to the Health and Safety at Work act, Trust Act, Education and Training Act, Financial reporting standards,
- Covid

***Well if it didn't work then, why will things be different now?***

First, we have a new CE, David Moger, with the professional skills and experience needed to support us through this organisational change. David has successfully navigated significant organisational change in other large organisations including the Royal NZ Returned and Service Association (RNZRSA), YMCA, and the NZ Funeral Directors Association. David has shown through his actions that he is committed to enabling our success; many of you will have seen and heard from David over the last six months as he has worked diligently to understand Playcentre, listen to our people, and develop solutions to the challenges we face.

Secondly, the Board is unified and working effectively together. We have received intensive governance support from the Hon Tracey Martin and feel well placed to work alongside our operational leadership to ensure the success of this plan.

Third, the timing is right to move forward effectively with the MoE funding co-design, as their concerns with Playcentre have been addressed through our proposal.

***What decisions do we at Centre level need to make?***

Centres and Rōpū are being asked to consider two decisions and vote twice:

- Vote 1 – Do you accept the new Trust Deed to replace the current constitution?
- Vote 2 – Do you wish to accept the authority of the Trustees and operate under their governance?

These are two separate votes that will happen at different times. Vote 1 is the subject of the SGM set for 24th September and is a governance decision. If this vote is Yes, each centre will then be asked to consider Vote 2 and make what is an operational decision.

If the Trust Deed is approved, the Trustees are proposing to implement a new operational model. Each centre will be given the option to accept that model and come under the authority of the Trustees, thus providing the Trustees with the authority to act which currently sits with centres or to operate independently, thus taking on the responsibilities and liabilities that current sit with the Trustees.

The two votes are two separate decisions. The first is a governance decision and the second an operational decision. We have recognised however that some people may need to understand how the Trustees plan to run the organisation before deciding to vote for the Trust Deed. You can find information about the operational plan in the '[Consolidated Operational Information](#)' document.

***Why do we need to change from a constitution to a Trust Deed, and what are the main differences in the Trust Deed?***

The answers to these questions can be found in the '[Trust Deed Introduction](#)'.

***But do we absolutely have to consolidate the funds? Can we pass the Trust Deed without the financial aspect?***

Consolidation of funds is necessary for several reasons:

- Alongside the successful funding co-design, consolidation of finances will enable Playcentre Aotearoa to give each centre the support they need to flourish, as well as ensure Playcentre nationally will thrive into the future.
- Legislation, regulation and compliance requirements have recently changed. Trustees must have oversight of all funds and that includes the ability to act to ensure their fiduciary responsibilities are met (being able to 'look at' accounts is not sufficient).

However, as much as we believe that this is the right way forward, we respect that some Centres may instead be willing to take on the full rights and responsibilities of operating their centre. Therefore, we have offered the 'option 2' route, and in that sense, yes, your centre can decide to pass the trust deed without agreeing to the financial component.

Option 2, as described in our power point presentation on 16<sup>th</sup> May:

- If any centre does not wish to operate under this Trust Deed, the Trustees will offer the option for centres to operate independently under the Playcentre brand
- Centres will need to put in place suitable constitutional and management arrangements to take on the full responsibility and liability for the operation of their centre and ensure its longevity
- Centres will be offered a brand management agreement which will include a fee and be subject to compliance monitoring to ensure protection for the brand

More details around Option 2 are being developed and will be made available when possible.

***How do we at Centre level have a voice in the new model? What if we're not happy about the way things are going?***

The power of Playcentre whānau to elect Trustees is enshrined in the Trust Deed. Therefore the power for change will sit with each whānau. If you are unhappy with the direction the organisation is taking, you will be able to express this through your vote.

In addition, the Trust Deed specifies that Tangata Tiriti House and Te Whare Tikanga Māori, made up of Centre and Rōpū Māori members respectively, will be responsible for "Ensuring the concerns and views of whānau are represented to the Trustees", "Supporting and facilitating the development of policy reviews and other participation in national issues" and "Making proposals or recommendations on behalf of whānau", and the Board will ensure that these functions are properly budgeted for.

***Will this plan turn us into just another ECE?***

Our unique philosophy remains unchanged and is enshrined in the Trust Deed. The Board is absolutely clear and united that the amalgamation must not result in Playcentre turning into yet another, teacher-led ECE option, and this will not happen on our watch. We are determined to turn things around for Playcentre, to stop people burning out doing admin, and enable them to enjoy the best things about Playcentre – the sense of community and learning about your children's

development alongside other whānau. admin, and enable them to enjoy the best things about Playcentre – the sense of community and learning about your children’s development alongside other whānau.

***Are we shifting to more of a business model?***

The answer is emphatically no. All organisations, whether charitable or for-profit, need to be financially sustainable, with enough funds to cover their expenses, and yes, we are hoping to achieve that goal. All organisations also must consider the most effective organisational structure that enables them to achieve their goals, and yes, we are seeking to do this in a way that achieves our charitable purpose, certainly not with the goal of making a profit for directors and shareholders, as would be the case in a business model.

***But how do we avoid bureaucracy? Will someone sitting at a desk somewhere who doesn’t know our centre be making decisions that impact us?***

It could be argued that our current model is loaded with bureaucracy! Bureaucracy is generally evidenced by a huge amount of work required for little or no value at a minutiae level, all this taking up a huge amount of time. But yes, we absolutely want to avoid a situation where red tape makes things harder for centres rather than easier, that will defeat the whole purpose of this change! We believe bureaucracy will be avoided by having employed staff on the ground, increased investment nationally into effective systems, and clear Rules and policies outlining how decisions will be made, such as the [proposed finance operational policy](#).

***What if we vote NO on the Trust Deed?***

In our initial *Ki te pae tawhiti* presentation we stated that if we fail to reach 80% approval for the new Trust Deed, ‘the current constitution still stands until we can agree on another version in the future’. It is important to clarify that this does not mean ‘the status quo’ remains. All the issues facing our organisation will remain and will still need to be addressed by the Board. We are currently working through modelling to support our decision-making in the case of a NO vote and will provide more information when available.

***Can you tell us what other options have already been considered?***

The Board has already investigated the following:

- Stay with the status quo
- De-volve back to individual centres (who would likely cluster up into ‘association’ groups again) and a national body with limited power
- Changing our legal status to an incorporated society

**Status quo:**

Based on the reality of our financial deficit, we will not be around much longer if we keep the status quo. We will not financially be able to support centres with employees and improved systems throughout the organisation, or deal to our significant property workload. We will also not address the risks to our Trustees (and Chief Executive), and therefore our whole organisation, created by the current constitution. Therefore, we do not believe status quo is an option.

De-volve:

We stood before the high court and said, “this model isn’t working for us, we need to amalgamate or we are going to die as a national organisation.” We believe this is still the case. If we de-volve we believe many centres will close due to lack of national support. De-volving will also impact the outcome in our funding co-Design with the Ministry of Education.

In other words, the issues we had before amalgamation have not been removed so devolving will not provide a sustainable future.

Incorporated Society:

The Playcentre national body (what was the New Zealand Playcentre Federation and is now Te Whānau Tupu Ngātahi o Aotearoa – Playcentre Aotearoa) was an incorporated charitable trust pre-amalgamation and the amalgamation process did not change our legal status. The new Incorporated Societies Act 2022 includes changes that mean officers have duties akin to those of company directors (which has attracted some negative comment that the duties may be disproportionately burdensome for officers of incorporated societies operating in the not-for-profit sector, particularly in today's challenging economic climate). In light of this, aside from the cost and time involved, we do not think it would be wise to make a major shift in our legal status to become an Incorporated Society.

***So, you as a Board feel sure that this is the right approach?***

Yes, we believe very strongly that this is the best option to address the challenges in our current governance and operational structures. Of course, no solution is ever perfect, and no doubt we’ll have to make adjustments along the way, but we believe we’ve got the right leadership at board and operational level to pull this off.

We also hear people on the ground crying out desperately for change. Yes, change is scary, and we hear the concerns about what will be lost, but that is a normal part of the process. Overall, we believe our organisation is ready for change, we just have to work together, share the fears, and seize the opportunities.

If we pull together, there is great potential for us to broaden our reach and impact! We all know from personal experience what a difference our model can make for tamariki and whānau wellbeing, now we have the opportunity to ensure that Playcentre is an option for families no matter where they are in Aotearoa, and for many, many generations to come.