

Event backgrounder: Attendance at SIT Annual Community Advisory Dinner, Thursday 25 October 2018

To:	Hon Chris Hipkins, Minister of Education
From:	Acting Manager, ITP Investment, Delivery Directorate
Date:	17 October 2018
Reference:	E/18/00724

Purpose

1. You have accepted an invitation to speak at the Southern Institute of Technology's (SIT's) Annual Community Advisory Dinner on Thursday 25 October 2018. The dinner is from 5.30 to 8.30pm. You are scheduled to speak at 7.10pm. SIT has requested you allow 20 minutes for your speech, with 10 minutes of questions and answers to follow.
2. SIT's Investment Manager, s9(2)(a), will also attend the dinner. TEC is not invited to speak at the dinner, attendance is in a stakeholder/relationship management capacity.
3. You have also requested a tour of SIT's Campus. This tour will be held from 3.50 to 4.25pm, Thursday 25 October. The tour will commence at SIT's reception building at 133 Tay Street. Chief Executive (CE) Penny Simmonds will host you and SIT's Chair Peter Heenan will join you on this tour.
4. You will be introduced to staff and students as they are encountered on the tour, with the option to speak to them informally. You may also meet Southland Chamber of Commerce chief executive officer Sheree Carey and possibly a representative from Yunca Heating, a local employer who employs a number of SIT's International graduates.
5. General information about SIT is attached as Appendix 1. The A3 summary sheet includes a short narrative; delivery enrolment, site and demographic data; financial commentary and educational performance indicator (EPI) information.
6. Biographies of the Council Chair and Chief Executive of SIT are attached as Appendix 2.
7. SIT's Student Achievement Component (SAC) and Youth Guarantee (YG) funding compared with delivery for 2017 is included in Appendix 3.
8. SIT's funding for 2018 is included in Appendix 4.
9. We recommend that this backgrounder is proactively released.

SIT and fees free

10. In response to the challenge of keeping young people in the Southland region, SIT has provided a Zero Fees scheme since 2001. The scheme is available for most TEC-funded qualifications, and applies to the base tuition fee for each programme of study. The Zero Fees initiative has been a successful model for SIT (<https://www.sit.ac.nz/Fees-Enrolments/Zero-Fees>).

11. Students can access both the government's Fees Free initiative and SIT's Zero Fees scheme during their course of study, although not at the same time.
12. In response to the introduction of the Fees Free initiative, SIT is seeking to maintain student numbers through offering 'accommodation support' as a bursary to students studying at SIT. The "Mayor Tim Shadbolt" bursary is offered to students who meet the government fees free policy *and* SIT's free fee policy. It also has strict ongoing conditions attached to it, and will be withdrawn if attendance or progression is not satisfactory.
13. The bursary is offered in Invercargill only (not any other SIT delivery sites), with the rationale being to support students in the city (<https://www.sit.ac.nz/Accommodation-Bursary>).

ITP Roadmap 2020 Project

14. TEC met with the SIT Council, the senior leadership team and a large group of staff and students at recent regional ITP Roadmap 2020 Project workshops in Invercargill.
15. During the workshops the Council and staff spoke in particular depth about their commitment to Invercargill and Southland, and their close ties with the local and regional community.
16. In addition to staff and students, a large number of stakeholders from across the business and local government communities (including local mayors) attended the workshops. These stakeholders are strongly committed to SIT providing targeted learning for industry in their region as a way of ensuring young people remain in, and can be attracted to, Southland. Local government in particular is a strong advocate for SIT.
17. SIT has a longstanding and close relationship with local iwi which was highlighted by iwi representatives present at the Roadmap workshop.
18. SIT's Chief Executive, Penny Simmonds, has been actively engaged in the Roadmap process, and has provided a large amount of detailed feedback to TEC.

SIT's International Students

19. SIT has a long history of welcoming International Students to Invercargill. The presence of international students is considered an important part of the city's goal to be a dynamic, vibrant place to live.
20. SIT hosted 1592 full-fee paying international students in 2017 (comprising 933 EFTS), and 1502 students (comprising 1085 EFTS) in 2016. Over 80% of students identify as of Asian descent, with the majority of these from China and India.
21. SIT have a strongly pastoral approach to international students, and have built a large amount of accommodation to house them on their arrival in Invercargill. If they choose, students can live in the accommodation for the first six months of their time at SIT, which gives them a chance to understand life in New Zealand, and get to grips with the Southland climate.
22. Over the last few years, SIT has worked to diversify the source countries for international students. They have initiated small but successful partnerships with some European tertiary organisations. They are currently exploring opportunities in Chile, Paraguay, Uruguay and Colombia, as well as progressing a limited partnership into Argentina. A further area of potential growth is community college students from the USA.

TEC met with the SIT Council SIT's current focus areas

23. SIT is focused on several areas of development at this time:

- Supporting the Southland Initiative/Economic Regional Development Strategy around improving migrant flow to the region and enhancing opportunities for Southlanders.
- Keeping its Zero Fees scheme active and relevant.
- Meeting developing industry and community need with its provision (eg. Organic Horticulture).
- Ensuring provision into the Queenstown Lakes area is sustainable and relevant.
- Ongoing improvement and development of SIT2LRN, SIT's on-line offering.

Current issues/risks

24. SIT's first-year student numbers have dropped in 2018, which they believe may be a result of the governments 'first year free' fees free scheme encouraging first time learners to leave the Southland region. The initiative may also have provided out-of-region learners who previously might have attended SIT with another fees free option. SIT has developed mitigations to address this (see para 10).

25. SIT is concerned about a potential loss of regional responsiveness and autonomy under the Roadmap project. Significant feedback has been provided on this point to the TEC on this as part of the project. The Roadmap project and regional needs may be raised with you by people attending the dinner. Your speech for the event responds to these concerns.

26. SIT, Invercargill City Council and Southland regional employers in general have a strong interest in attracting and retaining migrants to study, work and live in the region. SIT is concerned recent changes to immigration settings around international students will affect the number of students who choose to attend SIT. The issue of international students is of wide interest in the community, and may also be raised by people attending the dinner. Your speech for the event responds to these concerns.

s9(2)(a)

Manager, ITP Investment
Delivery Directorate
Tertiary Education Commission
17 October 2018

Hon Chris Hipkins

Minister of Education

___ / ___ / ___

Appendix 1: SIT summary sheet (A3)

(refer accompanying A3)

TEI PROFILE: Southern Institute of Technology

Chair: Peter Heenan Chief Executive: Penny Simmonds

Key narrative: Southern Institute of Technology (SIT) is a category 2 EER provider servicing the Southland region. Major provision is in management and commerce; health; society and culture; and engineering and related technologies. More than a quarter of all provision is delivered extramurally or by distance learning through SIT's distance learning faculty, SIT2LRN. In response to the challenge of keeping young people in the Southland region, SIT has provided a Zero Fees scheme since 2001.

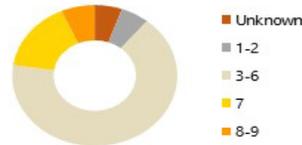


Delivery sites	
Town/city	All EFTS (2017)
Invercargill	2,795
Extramural	1,353
Christchurch	436
Queenstown	270
Other sites	98
Total	4,952

Top five qualifications by enrolment

Qualification	All EFTS (2017)
PG Diploma in Business Enterprise	244
Diploma in Occupational Health & Safety (Lvl 6)	221
Certificate in Te Ara Reo Māori	184
NZ Diploma in Business (Lvl 5)	173
Bachelor of Nursing	164

Delivery by NZQF level (all EFTS) for 2017



Recent delivery data and demographics

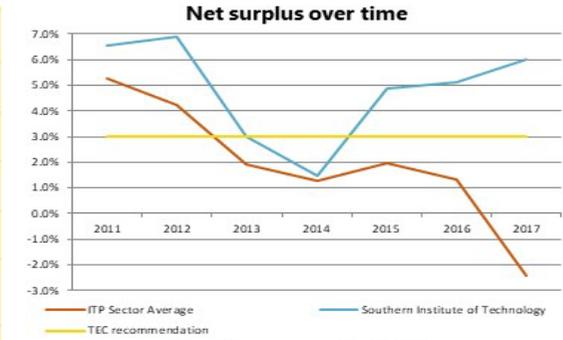
	2015	2016	2017
All EFTS	4,908	5,313	4,952
All learners	13,090	13,462	12,839
% Māori learners	11.0%	11.8%	11.4%
% Pasifika learners	2.9%	3.1%	2.7%
% learners 25 and over	54.8%	55.3%	55.9%
International full-fee delivery:			
EFTS	837	1,085	933
As % of all EFTS	17.1%	20.4%	18.8%

Financial commentary: s9(2)(b)(ii)

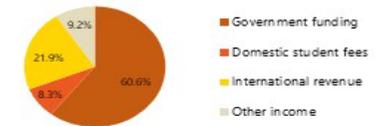
International revenue has supported improving profitability.

Strong growth in

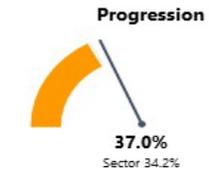
	2015 audited (\$'000)	2016 audited (\$'000)	2017 audited (\$'000)	2016-2017 change
Total Income	49,202	50,582	53,160	↑
Total Government Funding	31,230	31,766	32,235	↑
Total International Income	8,932	8,920	11,655	↑
Total Domestic Fees and Charges	4,147	4,484	4,393	↓
Net surplus before unusual items	2,395	2,576	4,023	↑
Net surplus (before unusual items) ratio	4.9%	5.1%	7.6%	↑
Net surplus after unusual items	2,395	2,576	4,023	↑
Net surplus (after unusual items) ratio	4.9%	5.1%	7.6%	↑
Total Liquid assets	25,214	29,163	31,145	↑
Total Debt	0	0	0	



Funding source for 2017



Educational Performance (Cohort EPIs)



SIT – Māori and Pasifika EPI rates benchmarked against non-Māori/non-Pasifika, 2017

Non-Māori and non-Pasifika	Māori	Pasifika									
80.8%	69.7%	69.5%	49.9%	48.2%	34.2%	35.7%	45.0%	23.3%	39.4%	31.6%	33.3%

ITP sector – Māori and Pasifika EPI rates benchmarked against non-Māori/non-Pasifika, 2017

Non-Māori and non-Pasifika	Māori	Pasifika									
84.5%	72.2%	72.2%	54.4%	49.7%	51.3%	32.6%	37.0%	36.9%	63.8%	53.9%	56.8%



Data reviewed: 25 May 2018

Appendix 2: Biographies of SIT Council Chair and Chief Executive

Peter Heenan, Chair of SIT Council



Peter Heenan was appointed as Chair in 2017, following seven years on SIT's Council, where he previously held the role of Deputy Chair.

Peter has a strong background in business and the community. Peter is the Executive Director of Finance for the HW Richardson Group, a trustee of the Southland Hospice Charitable Trust and former chairperson of both the Southland Boys' High School and Netball Southland Boards.

(Ministerial Appointment)

Penny Simmonds, Chief Executive (CE) of SIT



Penny is CE of SIT, appointed in 1997. Prior to her appointment as CE, Penny was in a Management position at SIT from 1990 -1997. She is a Board member of New Zealand Institutes of Technology and Polytechnics and Venture Southland; President of Hockey New Zealand; and a director of Southern Lakes English Language College.

Penny is intensively involved in the Invercargill and Southland community – she was named a Companion of the New Zealand Order of Merit in 2015. She is a former Director of Southland Museum and Art Gallery and a former member of the Southland District Health Board. Penny was a recipient of the Woolf Fisher Fellowship in 2000.

Appendix 3: SIT's SAC and YG funding compared to delivery in 2017

Note: Not all identified under-delivery is subject to recovery, as a recovery threshold applies for some funds.

Edumis	Provider Name	Fund	Values		
			Total 2017 Funding	\$ Delivered	(Under)/Over Delivered Total
6015	SIT	Student Achievement Component Levels 1 and 2 (Competitive)	\$879,674	\$668,159	(\$211,515)
		Student Achievement Component Levels 1 and 2 (Non-Competitive)	\$1,170,000	\$1,118,351	(\$51,649)
		Student Achievement Component Levels 3 and 4 (Competitive)	\$350,000	\$196,145	(\$153,855)
		Student Achievement Component Levels 3 and above	\$25,069,706	\$25,305,308	\$235,602
		Youth Guarantee	\$1,129,231	\$1,129,301	\$70
		Youth Guarantee (Dual Pathway)	\$291,875	\$133,967	(\$157,908)
6011 Total			\$28,890,486	\$28,551,231	(\$339,255)

Appendix 4: SIT's funding for 2018

The table below shows SIT's initial 2018 funding allocation. The table on the following page shows changes in SAC funding as a result of in-year delivery analysis.

SIT funding 2018, Initial Allocation

On-plan Funds <i>Funding Period: 1 January 2018 - 31 December 2018</i>	2018 Funding (ex GST)
Adult and Community Education (TEIs) Fund	\$78,667.00
Funding rate for TEIs: \$4,444.44 per EFTS Number of EFTS (2018): 17	
Equity Fund Total	\$157,237.00
Amount of funding for Māori students:	\$47,156.92
Amount of funding for Pasifika student:	\$8,247.91
Amount of funding for students with disabilities:	\$97,929.58
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF (Competitive Allocation) Fund	\$1,563,074.00
Estimated number of EFTS (2018): 160	
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF (Non-competitive Allocation) Fund	\$1,170,000.00
Estimated number of EFTS (2018): 150	
Student Achievement Component – Provision at Level 3 and above on the NZQF Fund	\$28,817,223.00
Estimated number of EFTS (2018): 3,506	
Student Achievement Component – Provision at Level 3 and above on the NZQF Fund, Levels 3&4 Competitive Pilot	\$743,750.00
Estimated number of EFTS (2018): 85	
Youth Guarantee – Youth Guarantee Provision Fund	\$1,129,231.00
Estimated number of EFTS (2018): 79	
Total On-plan Funding	\$33,659,182.00

SIT's funding 2018, Revised SAC and YG Allocations (as at October 2018)

The table below shows changes in SAC funding as a result of in-year delivery analysis.

On-plan Funds <i>Funding Period: 1 January 2018 - 31 December 2018</i>	2018 Allocated Funding <i>(ex GST)</i>	2018 Allocation with changes applied <i>(ex GST)</i>
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF (Competitive Allocation) Fund	\$1,563,074.00	\$963,074.00
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF (Non-Competitive Allocation) Fund	\$1,170,000.00	\$1,365,000.00
Student Achievement Component – Provision at Levels 3 and above on the NZQF Fund, Level 3&4 Competitive Pilot	\$743,750.00	\$528,503.00