

Event backgrounder: Ministerial visit to Otago Polytechnic on Friday, 16 November 2018

To:	Hon Chris Hipkins, Minister of Education
From:	Acting Manager, ITP Investment, Delivery Directorate
Date:	8/11/2018
Reference:	E/18/00796

Purpose

1. You are scheduled to visit Otago Polytechnic on Friday 16 November 2018.
2. We recommend that this event backgrounder is proactively released with information about Otago Polytechnic's risk rating on the TEC's financial monitoring framework withheld.

About Otago Polytechnic

3. General information about Otago Polytechnic is attached as Appendix 1. This A3 summary sheet includes a short narrative; delivery enrolment, site and demographic data; financials; and educational performance indicator (EPI) information.
4. A biography of the Chief Executive and Council Chair of Otago Polytechnic is included as Appendix 2.
5. Otago Polytechnic's funding compared with delivery for 2017 is included in Appendix 3.
6. Otago Polytechnic's funding for 2018 is included in Appendix 4.

Regional ITP Roadmap engagement at Otago Polytechnic

7. In October, TEC met with the Otago Polytechnic Council, the senior leadership team, a large group of staff, students and community members at a regional ITP Roadmap workshop in Dunedin. Otago Polytechnic leadership are committed to Otago Polytechnic remaining responsive to its community across the Otago region, and to continuing its strong delivery history.

Otago Polytechnic has increasing demand for higher level delivery

8. Otago Polytechnic's Student Achievement Component (SAC) level three and above funding was increased in-year twice in 2018:
 - a. \$379,120 for a collaborative programme to support the delivery of a new *NZ Diploma in Building Surveying*, designed to meet the needs of Councils around NZ for qualified building inspectors; and
 - b. \$2,455,334 to reflect increased demand from industry and learners, including demand for Otago Polytechnic's 'Capable NZ' recognition of prior learning offering (<http://capable.nz>).

Otago Polytechnic is strongly committed to delivery innovation

9. Otago Polytechnic is leading delivery in micro-credentials with its EduBits offering (<https://edubits.nz>).
10. It is also embarking on significant building development projects across its Dunedin and Cromwell campuses, to ensure provision of the best possible learning environments for students into the future. A new, purpose-built training brewery will be opened in Cromwell on 1 December 2018.
11. Otago Polytechnic's new student accommodation, Te Pā Taurira, is purpose built and award winning. It reflects the ITP's approach to providing excellent facilities for its students.

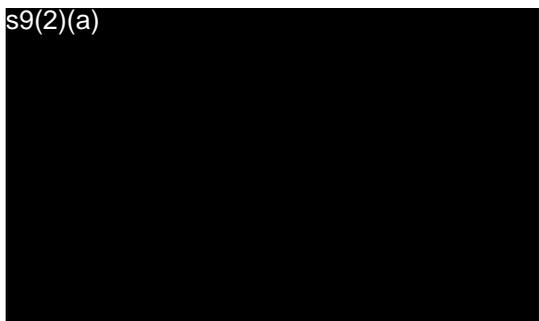
Matters they may raise with you

12. Otago Polytechnic is likely to ask you about your decisions on the ITP Roadmap 2020 project and about the Ministry of Education's Vocational Education and Training review.

Questions you may like to ask

13. Otago Polytechnic is currently exploring several opportunities to better meet the needs of local industries through both their diploma level offerings and new EduBits micro-credentials. You may like to ask them about these initiatives (e.g. a diploma in heavy vehicle servicing; EduBits training for Air New Zealand).

s9(2)(a)



Operations Directorate
Tertiary Education Commission

8 November 2018

Hon Chris Hipkins

Minister of Education

___ / ___ / ___

Appendix 1: Otago Polytechnic summary sheet (A3)

TEI PROFILE: Otago Polytechnic

Chair: Kathy Grant Chief Executive: Phil Ker

Key narrative: Otago Polytechnic is a category 1 EER provider and one of only two ITPs currently on a 3 year Plan. Major provision is in the health professions; applied management; fine arts; design; veterinary nursing and animal care; and IT. Otago Polytechnic recently developed a new micro-credential programme called EduBits, with NZQA including the ITP in a pilot to test and evaluate micro-credentials for New Zealand. In late 2015, Otago Polytechnic acquired Aoraki Polytechnic's Dunedin operation subsequent to its merger with CPIT.

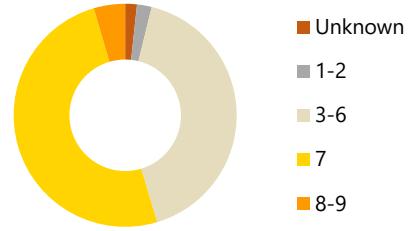


Delivery sites	
Town/city	All EFTS (2017)
Dunedin	3,762
Auckland	927
Extramural	148
Other sites	288
Total	5,125

Top five qualifications by enrolment

Qualification	All EFTS (2017)
Bachelor of Nursing	360
Bachelor of Applied Management	336
Bachelor of Occupational Therapy	300
Graduate Diploma in Applied Management	262
Bachelor of Midwifery	177

Delivery by NZQF level (all EFTS) for 2017

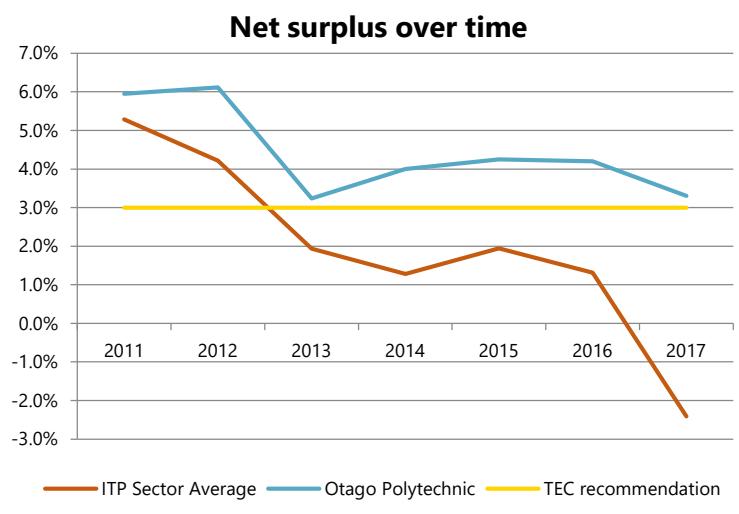


Recent delivery data and demographics

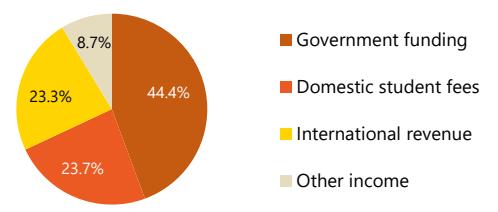
	2015	2016	2017
All EFTS	4,333	4,801	5,125
All learners	7,204	7,771	8,507
% Māori learners	10.6%	10.0%	9.7%
% Pasifika learners	3.6%	3.1%	2.7%
% learners 25 and over	49.2%	48.0%	48.8%
International full-fee delivery:			
EFTS	603	795	1,253
As % of all EFTS	13.9%	16.6%	24.4%

s9(2)(b)(ii)

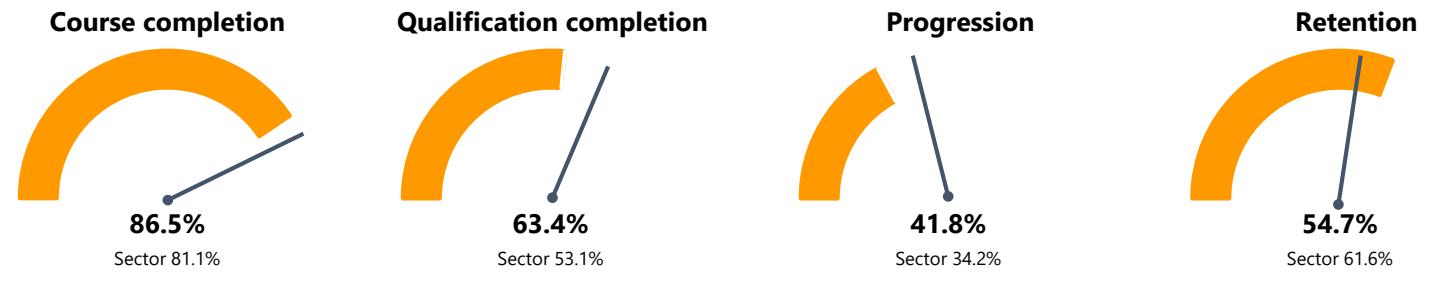
	2015 audited (\$'000)	2016 audited (\$'000)	2017 audited (\$'000)	2016-2017 Change
Total Income	71,829	78,595	86,820	↑
Total Government Funding	36,411	38,207	38,511	↑
Total International Income	9,329	12,480	20,246	↑
Total Domestic Fees and Charges	19,352	21,191	20,551	↓
Net surplus before unusual items	3,051	3,269	1,437	↓
Net surplus (before unusual items) ratio	4.2%	4.2%	1.7%	↓
Net surplus after unusual items	3,051	3,269	2,909	↓
Net surplus (after unusual items) ratio	4.2%	4.2%	3.4%	↓
Total Liquid assets	3,313	3,030	457	↓
Total Debt	0.0	0.0	9,292	↑



Funding source for 2017



Educational Performance (Cohort EPIs)



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

Non-Māori and non-Pasifika	Māori	Pasifika									
87.7%	78.2%	75.9%	64.5%	57.9%	52.2%	41.2%	42.4%	58.8%	55.7%	50.3%	41.2%

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%

Appendix 2: Biography of Otago Polytechnic Council Chair and Chief Executive

<p>Kathy Grant <i>Chair</i></p>	<p>Kathy Grant was appointed by the Minister of Tertiary Education to chair the Council from 1 May 2010, having previously been a member of the University of Otago Council and chair of the Council of the Dunedin College of Education. Kathy is also a director of Dunedin City Holdings Limited, deputy chair of Sport Otago and a Board member of the Dunedin Sinfonia. In 2015, the Minister of Health appointed Kathy as Commissioner of Southern District Health Board following the disestablishment of the Board. Her “day job” is as a solicitor in the legal practice of Gallaway Cook Allan. Kathy is an Otago person, born and bred and has lived in Dunedin since the 1970’s when she was a University student. When not at work, she enjoys the challenge of rural living.</p>	
<p>Phil Ker <i>Chief Executive</i></p>	<p>Phil took up his appointment as Chief Executive of Otago Polytechnic in 2004. Prior to being appointed as Otago Polytechnic Chief Executive, Phil was Executive Director of Corporate Services at Auckland University of Technology. His long standing interest in business education includes past membership of the New Zealand Qualifications Authority (NZQA) National Advisory Committee for Business Studies and the Business Management Advisory Steering Group.</p> <p>Phil’s qualifications include Management and Leadership in Education, Harvard University; MEd (Administration) - First Class Honours at Massey University; Bachelor of Commerce at the University of Auckland; and a Diploma in Teaching from Auckland College of Education. Phil’s particular interest is in business education, education for sustainability, staff development generally and leadership development specifically; and in the recognition of prior experiential learning.</p> <p>Phil’s weekends and holidays are spent in his ‘second home’, the Central Otago town of Cromwell.</p>	

Appendix 3: Otago Polytechnic's 2017 SAC and YG funding compared to delivery

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
6013	Otago Polytechnic	Student Achievement Component Levels 1 and 2 (Competitive)	\$206,875	\$99,997	(\$106,878)
		Student Achievement Component Levels 1 and 2 (Non-competitive)	\$70,000	\$89,250	\$19,250
		Student Achievement Component Levels 3 and 4 (Competitive)	\$789,250	\$703,203	(\$86,047)
		Student Achievement Component Levels 3 and above	\$33,122,558	\$32,888,395	(\$234,163)
		Youth Guarantee	\$1,389,800	\$1,249,445	(\$140,355)
			\$35,578,483	\$35,030,290	(\$548,193)

Appendix 4: Otago Polytechnic's funding for 2018

The table below shows Otago Polytechnic's initial 2018 funding allocation, issued in December 2017. It does not include the in-year increases outlined in paragraph 8 above.

Otago Polytechnic funding 2018, Initial Allocation

On-plan Funds Funding Period: 1 January 2018 - 31 December 2018	2018 Funding (ex GST)
Adult and Community Education (TEIs) Fund	\$84,463.00
Funding rate for TEIs: \$4,444.44 per EFTS	
Number of EFTS (2018): 19	
Equity Fund Total	\$229,782.00
Amount of funding for Māori students:	\$97,533.08
Amount of funding for Pasifika student:	\$26,028.48
Amount of funding for students with disabilities:	\$106,220.40
Performance-Based Research Fund Total	\$1,147,353.42
Quality Evaluation:	\$873,675.27
Percentage allocated from this component (2018): 0.5043%	
Research Degree Completions:	\$161,316.84
Percentage allocated from this component (2018): 0.2048%	
External Research Income:	\$112,361.31
Percentage allocated from this component (2018): 0.1784%	
Specialised English for Speakers of Other Languages– Intensive Literacy and Numeracy, Refugee English Fund	\$102,520.00
Tuition fee is paid at a dollar per EFTS rate for provision	
Pastoral care is paid at \$400.00 per learner place	
Number of approved places (2018): 40	
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF (Competitive Allocation) Fund	\$206,875.00
Estimated number of EFTS (2018): 25	
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF (Non-competitive Allocation) Fund	\$70,000.00
Estimated number of EFTS (2018): 10	
Student Achievement Component – Provision at Level 3 and above on the NZQF Fund	\$33,309,975.00
Estimated number of EFTS (2018): 3,602	
Student Achievement Component – Provision at Level 3 and above on the NZQF Fund, Levels 3&4 Competitive Pilot	\$789,250.00
Estimated number of EFTS (2018): 77	
Youth Guarantee – Youth Guarantee Provision Fund	\$1,386,191.00
Estimated number of EFTS (2018): 110	
Total On-plan Funding	\$37,326,409.42