

Event backgrounder: Ministerial visit to open new Tech Park Campus development at Manukau Institute of Technology on 5 April 2019

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| To: | Hon Chris Hipkins, Minister of Education |
| From: | Section 9(2)(a) Manager Delivery and Projects - Delivery Directorate |
| Date: | 2 April 2019 |
| Reference: | E-19-00465 |

Purpose

1. You are scheduled to officiate at the “turning of the sod” / breaking ground ceremony for the start of the new Technology Park Campus development at the Manukau Institute of Technology (MIT) on 5 April 2019. You will be attending from 2.00pm – 2.45pm.
2. General information about MIT 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 for the 2017 year.
3. MIT delivery information in Appendix 1 has not been updated for the 2018 delivery year yet, as finalised data is not available until the April single data return (SDR) has been submitted and analysed. However, an indicative view of MIT’s Student Achievement Component (SAC) and Youth Guarantee (YG) funding compared with delivery for 2018 is included in Appendix 2.
4. MIT’s funding for 2019 is included in Appendix 3.
5. Biographies of the Council Chair and Chief Executive of MIT are attached as Appendix 4.
6. We recommend that this backgrounder is proactively released.

Background information on MIT’s new Technology Park

7. MIT’s planned Technology Park (Tech Park) is a new centre for engineering and trades education in South Auckland.
8. The modern 9,000m³, purpose-built facility will be located across the road from MIT Manukau in close proximity to the Manukau bus and railway stations. Construction is expected to be completed in mid-2020.
9. Tech Park will bring all MIT trades and engineering schools under one roof for the first time. These include: building and civil construction; engineering; plumbing and gasfitting; refrigeration; and electrical and automotive schools. More than 1,200 students and 100 staff are expected to utilise the facility each week when it is fully operational.

10. It is intended that Tech Park be more than just a traditional trades training facility. It will also be focussed on using new technology and refreshed programmes to prepare students for New Zealand's increasing use of new energy sources, such as solar and electrical vehicles.
11. MIT has worked closely with Auckland Council's redevelopment arm, Panuku Development Auckland, to establish the Tech Park.
12. The Tech Park project will be delivered in partnership with Haydn & Rollett. This construction and property company will own the building and MIT will take up a thirty year lease on the facility once it is completed.

MIT trade academies

13. MIT's intention is for the Tech Park to play an instrumental role in its trades academies. MIT is the lead provider for two trades academies: The School of Secondary-Tertiary Studies, and the MIT Trades Academy.
14. The School of Secondary-Tertiary Studies was established in 2010 and is also known as the Tertiary High School. Learners attending the School of Secondary-Tertiary Studies do so full-time while still being enrolled at their normal high-school. This trades academy targets learners who are underperforming in the traditional academic school environment and at risk of dropping out; are from a low decile school; and are interested in a vocational career path. These students undertake a programme of personal growth and development which covers a wide range of learning options. Since 2010 the number of learners has increased from 80 to 180; and the funding from \$1.02m to \$2.25m.
15. The MIT Trades Academy started operating from 2015, offering a programme delivered one day a week to approximately 200 students. School students in years 11 to 13, who are interested in a career in trades or technology, can combine study at the trades academy with studies towards their National Certificate of Educational Achievement (NCEA) and a nationally transferable tertiary qualification at Level 1, 2 or 3. It is expected that students will have the opportunity to achieve an award in at least one of the Vocational Pathways for NCEA Level 2.
16. For 2018, the MIT Trades Academy's contract was for up to 370 places, with funding of \$1.39m. After your decision to cease the Dual Pathways Pilot in December 2018, funding for this pilot was transferred to Trades Academies from 2019. The MIT Trades Academy funding agreement for 2019 is for 640 places. This is comprised of 370 learners attending one day a week; 170 learners from MIT's formerly separate Dual Pathways Pilot attending two days a week; and 100 learners from New Zealand Management Academies attending two days a week. The total funding for 2019 is \$3.07m.

Risks associated with officiating at this event

17. As your officiating at this event is a public relations opportunity for MIT and the Government we do not foresee any significant risks arising during your attendance.
18. With regard to the review of vocational education (ROVE), the peak body for institutes of technology and polytechnics (NZITP) has publicly stated that the majority of New Zealand's sixteen Institutes of Technology and Polytechnics are committed to supporting the Government's consultation and co-design process for the future state of the sector. As at the time of writing, MIT had not made its own formal submission or response on ROVE.
19. It is possible that there may be questions from stakeholders at the event wanting assurances that any changes to MIT as a result of ROVE decisions would not impact adversely on the establishment or operation of the Tech Park and MIT's commitment to it.

20. With the ROVE consultation period concluding on Friday 5 April, it would not be appropriate at that time to provide assurances to any stakeholders, including MIT, as to how assets in the vocational sector will operate or be managed in the future. However, this does not preclude you from supporting the role of the Tech Park by recognising the importance of this new centre for engineering and trades education in South Auckland.

Section 9(2)(a)

Manager Delivery and Projects
Delivery Directorate
Tertiary Education Commission

02/04/2019

Hon Chris Hipkins

Minister of Education

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Appendix 1: MIT summary sheet (A3)

TEI PROFILE: Manukau Institute of Technology

Chair: Peter Winder Chief Executive: Gus Gilmore

Key narrative: Manukau Institute of Technology (MIT) is a category 1 EER provider that delivers to a high proportion of Pasifika students in South Auckland. Major provision is in engineering and related technologies; management and commerce; health; and society and culture. MIT is the lead provider of two trades academies offering trades and technology programmes to senior secondary school students.



| Delivery sites | |
|----------------|-----------------|
| Town/city | All EFTS (2017) |
| Manukau City | 6,309 |
| Other sites | 223 |
| Total | 6,532 |

Top five qualifications by enrolment

| Qualification | All EFTS (2017) |
|--|-----------------|
| Bachelor of Nursing | 527 |
| Bachelor of Applied Management | 273 |
| Construction Technical & Further Education | 228 |
| Certificate in Automotive & Mechanical Engineering | 146 |
| NZ Certificate in Construction Trade Skills | 142 |

Delivery by NZQF level (all EFTS) for 2017



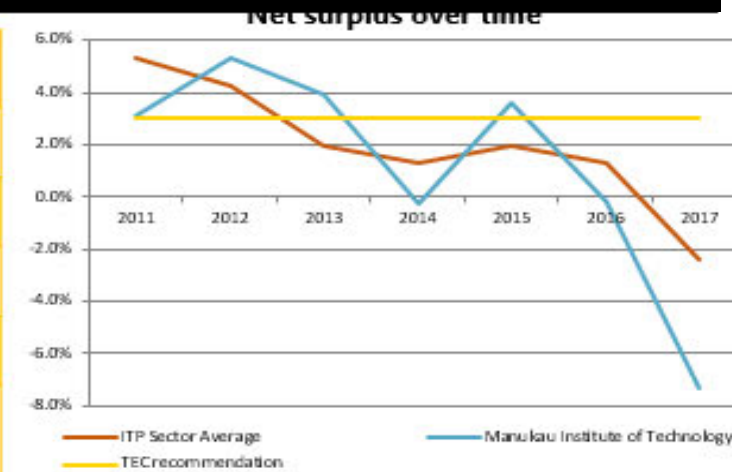
Recent delivery data and demographics

| | 2015 | 2016 | 2017 |
|----------------------------------|--------|--------|--------|
| All EFTS | 7,589 | 7,278 | 6,532 |
| All learners | 16,587 | 15,619 | 14,545 |
| % Māori learners | 15.1% | 14.8% | 14.9% |
| % Pasifika learners | 29.1% | 28.9% | 27.2% |
| % learners 25 and over | 56.1% | 53.6% | 54.4% |
| International full-fee delivery: | | | |
| EFTS | 961 | 1,059 | 1,032 |
| As % of all EFTS | 12.7% | 14.6% | 15.8% |

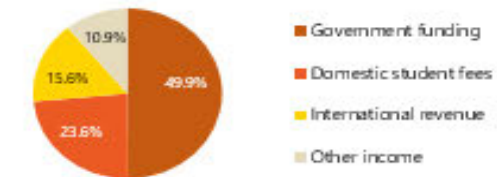


Financial commentary: MIT has reverted to deficit after a temporary improvement in profitability in 2015; it **Section 9(2)(b)(ii)**

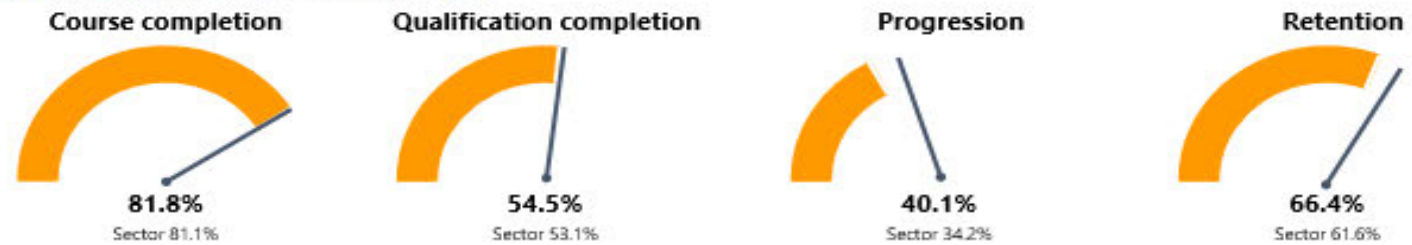
| | 2015 audited (\$'000) | 2016 audited (\$'000) | 2017 audited (\$'000) | 2016-2017 change |
|--|-----------------------|-----------------------|-----------------------|------------------|
| Total Income | 113,361 | 113,933 | 103,802 | ↓ |
| Total Government Funding | 65,589 | 62,744 | 51,756 | ↓ |
| Total International Income | 14,113 | 17,224 | 16,156 | ↓ |
| Total Domestic Fees and Charges | 25,977 | 25,588 | 24,529 | ↓ |
| Net surplus before unusual items | 4,028 | -196 | -7,577 | ↓ |
| Net surplus (before unusual items) ratio | 3.6% | (0.2%) | (7.3%) | ↓ |
| Net surplus after unusual items | 3,037 | -133 | -7,030 | ↓ |
| Net surplus (after unusual items) ratio | 2.7% | (0.1%) | (6.8%) | ↓ |
| Total Liquid assets | 4,247 | 3,727 | 2,084 | ↓ |
| Total Debt | 33,000 | 34,500 | 27,000 | ↓ |



Funding source for 2017



Educational Performance (Cohort EPIs)



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

| | Non-Māori and non-Pasifika | Māori | Pasifika | Non-Māori and non-Pasifika | Māori | Pasifika | Non-Māori and non-Pasifika | Māori | Pasifika | Non-Māori and non-Pasifika | Māori | Pasifika |
|-------------------|----------------------------|-------|----------|----------------------------|-------|----------|----------------------------|-------|----------|----------------------------|-------|----------|
| Course completion | 87.7% | 72.1% | 76.3% | 56.3% | 52.5% | 51.9% | 39.3% | 40.9% | 40.9% | 69.1% | 63.8% | 62.1% |

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

| | Non-Māori and non-Pasifika | Māori | Pasifika | Non-Māori and non-Pasifika | Māori | Pasifika | Non-Māori and non-Pasifika | Māori | Pasifika | Non-Māori and non-Pasifika | Māori | Pasifika |
|-------------------|----------------------------|-------|----------|----------------------------|-------|----------|----------------------------|-------|----------|----------------------------|-------|----------|
| Course completion | 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: MIT's SAC and YG funding compared to delivery in 2018

Note: Delivery and funding values are indicative and subject to change after the April 2019 SDR has been submitted and analysed.

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

| Edumis | Provider Name | Fund | Values | | |
|--------------|---------------|--|---------------------|---------------------|------------------------------|
| | | | Total 2018 Funding | \$ Delivered | (Under)/Over Delivered Total |
| 6010 | MIT | Student Achievement Component Levels 1 and 2 (Competitive) | \$1,218,225 | \$1,216,503 | (\$1,722) |
| | | Student Achievement Component Levels 1 and 2 (Non-Competitive) | \$2,286,541 | \$1,969,508 | (\$317,033) |
| | | Student Achievement Component Levels 3 and 4 (Competitive) | \$285,425 | \$234,837 | (\$50,588) |
| | | Student Achievement Component Levels 3 and above | \$34,700,000 | \$33,781,576 | (\$918,424) |
| | | Youth Guarantee | \$3,500,000 | \$3,499,798 | (\$202) |
| | | DualPathways | \$738,045 | \$1,274,008 | \$535,963 |
| Total | | | \$42,728,236 | \$41,976,230 | (\$752,006) |

Total On-plan SAC and YG funding for MIT for 2019 is **\$43,265,565**. This is an increase of \$1,289,335 (or 3.07%) over MIT's indicative 2018 SAC and YG delivery of \$41,976,230. A fuller breakdown of 2019 funding is outlined in Appendix 4.

Appendix 3: MIT funding for 2019

The tables below show MIT's initial 2019 funding allocations.

| On-plan Funds <i>Funding Period: 1 January 2019 - 31 December 2019</i> | 2019 Funding (ex GST) |
|--|--------------------------------------|
| Adult and Community Education (TEIs) | \$379,411.00 |
| Literacy and Numeracy Provision – Intensive Literacy and Numeracy | \$1,216,800.00 |
| Literacy and Numeracy Provision – Workplace Literacy and Numeracy (TEO-led strand) | \$205,275.00 |
| Specialised English for Speakers of Other Languages – Intensive Literacy and Numeracy, ESOL | \$338,325.00 |
| Specialised English for Speakers of Other Languages – Intensive Literacy and Numeracy, Refugee English | \$94,255.00 |
| Specialised English for Speakers of Other Languages – Intensive Literacy and Numeracy, Refugee English – Pastoral Care | \$14,000.00 |
| Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF | \$4,252,150.00 |
| Student Achievement Component – Provision at Level 3 and above on the NZQF | \$35,513,415.00 |
| Youth Guarantee | \$3,500,000.00 |
| Equity total funding | TBC |
| Equity funding for Māori students | TBC |
| Equity funding for Pasifika students | TBC |
| Equity funding for students with disabilities | TBC |
| Performance-Based Research Fund | \$398,044.44 |
| Total On-plan Funding | \$45,911,675.44 |

Performance-Based Research Fund

The funding under the PBRF comprises the following:

| PBRF Component | 2019 allocation |
|---|------------------------|
| Quality Evaluation: | \$390,832.76 |
| <i>Percentage allocated from this component (2019):</i> | <i>0.2256%</i> |
| Research Degree Completions: | \$0.00 |
| <i>Percentage allocated from this component (2019):</i> | <i>0.0000%</i> |
| External Research Income: | \$7,211.68 |
| <i>Percentage allocated from this component (2019):</i> | <i>0.0114%</i> |

| Off-plan Funds <i>Funding Period: 1 January 2019 - 31 December 2019</i> | 2019 Funding (ex GST) |
|---|--------------------------------------|
| Māori and Pasifika Trades Training Fund – Brokerage Services (Auckland MPTT) Number of learners: 506 | \$290,950.00 |
| Māori and Pasifika Trades Training Fund – Fees Top-up (Auckland MPTT) Number of EFTS at SAC levels 3 and 4: 263 Number of EFTS at SAC levels 1 and 2: 45.33 | \$1,052,000.00 \$0.00 |
| Total Off-Plan Funding | \$1,342,950.00 |

Appendix 4: Biographies of Key MIT people

Peter Winder, Chair of MIT Council



Peter Winder was appointed Chair in December 2013. He is a Director of McGredy Winder & Co, an Auckland based consulting firm providing services to central and local government and those who work, or engage with the public sector. He was Chief Executive of the Auckland Regional Council from 2005–2010, where he was previously Director Transport, and Chief Executive of Local Government New Zealand. Previously he was General Manager Industry Strategy at Tourism New Zealand.

Gus Gilmore, Chief Executive of MIT



Gus Gilmore was educated at the University of Auckland with a Masters of Business Administration. He joined MIT in September 2016. Gus' focus at MIT is to provide great education for students and have them ready for their next steps in life and he is passionate about education parity for Māori & Pasifika. Prior to joining MIT he was Deputy Chief Executive, Operations at the Tertiary Education Commission where he had been focused on improving sector operational performance and delivery.

Appendix 5: Speech for MIT Ground Breaking Ceremony
