

Event backgrounder: Meeting with WITT to discuss RoVE on 11 April 2019

To:	Hon Chris Hipkins, Minister of Education
From:	Section 9(2)(a) Manager Delivery and Projects - Delivery Directorate
Date:	9 April 2019
Reference:	E-19-00473

Purpose

1. You are meeting with Western Institute of Technology at Taranaki (WITT) to discuss the Reform of Vocational Education (ROVE) on Thursday 11 April 2019. At the time this paper was written it was intended that you would meet from 4.45pm – 5.15pm.
2. According to advice received from WITT, you will be meeting with Chief Executive - John Snook, Board Chair – Robin Brockie, and Deputy Chair Lyal French-Wright.
3. General information about WITT 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.
4. WITT delivery information in Appendix 1 has not been updated for the 2018 delivery year yet, as finalised data are not available until the April single data return (SDR) has been submitted and analysed. However, an indicative view of WITT's Student Achievement Component (SAC) and Youth Guarantee (YG) funding compared with delivery for 2018 is included in Appendix 2.
5. Biographies of the Council Chair and Chief Executive of WITT are attached as Appendix 3.
6. WITT's funding for 2019 is included in Appendix 4.
7. We recommend that this backgrounder is proactively released, with some of the financial information in paragraphs 12 - 15 withheld.

ROVE consultation

8. Stakeholder mapping information for the ROVE consultation at WITT is included as Appendix 5.
9. WITT's new Chief Executive, John Snook, has commented in the media that the ROVE proposal was very positive for WITT. He views it as enabling more resources to be put into the teaching and delivery of programmes that regions need, while alleviating some of the burden of development and administrative tasks. The vision would be for a high quality, flexible and robust vocational education system that prepares people for work.

WITT faces ongoing enrolment, learner achievement and financial challenges

Enrolments

10. WITT has seen a decline in enrolments since 2012. Enrolments decreased significantly in 2017, particularly in the second half of the year. The decrease is reflective of trends across the ITP sector and may have been exacerbated by WITT's NZQA EER Category 3 rating. In July 2018, NZQA confirmed that WITT had achieved a Category 2 rating in a follow up EER.
11. WITT reports an increase in enrolments in trades for 2019, in comparison with 2018. It has introduced a new Engineering programme for its Trades Academy with Taranaki Futures and the Engineering Taranaki Consortium. It has also identified some new areas of provision for 2019 to respond to local demand, including new pest management courses.

Learner achievement

12. While WITT's provision and learners are split relatively evenly across all levels, Māori learners are over represented at lower levels (level 1-3) and under represented at higher levels (4-7). Māori learners enrolled at lower levels, especially level 3, also do less well in terms of course completions than their non-Māori/non-Pasifika peers.

Financial performance

13. WITT has experienced significant financial pressure since 2016, with deficit results in both 2016 and 2017. A deficit of approximately \$1M is expected for 2018.
14. Section 9(2)(b)(ii)
[REDACTED]
[REDACTED] From 2020 WITT is required to start making repayments to the TEC on its \$5M Crown loan. The first instalment of \$1M is due in 2020.
15. As a result of both financial and other concerns, an Independent Advisor to Council, Dr Neil Barnes, was appointed in late 2017. This appointment has assisted WITT in making a number of organisational improvements. His appointment has been extended for a further 12 months from November 2018.
16. In the 2018 Investment Plan round WITT was approved for a one year (2019) Investment Plan only. It will have to submit an Investment Plan later in 2019 for 2020 funding.

Regional collaborations and initiatives

17. As the largest tertiary education provider in Taranaki, WITT plays an important role in the region. While its provision is mainly focused in Taranaki, through its subsidiary the New Zealand Institute of Highway Technology (NZIHT), WITT offers some out-of-region provision. NZIHT specialises in delivering training for the civil engineering industry.
18. WITT is a partner in the Taranaki Futures-led Māori and Pasifika Trades Training Taranaki consortium. Taranaki Futures is an incorporated Charitable Trust which links educators, whānau and industry to improve pathways from education to employment. The two organisations also partner in the Build a Bach project where students (including Trades Academy students at secondary school) build a house for sale.

19. WITT is closely linked with economic development initiatives due to its Council members, including Robin Brockie, Chair (who is also the Board Chairman of Venture Taranaki) and Stuart Trundle, Council member (who is Chief Executive of Venture Taranaki).

A Just Transition for Taranaki's energy sector

20. The Government is developing a work programme to support its vision of a just transition to a net-zero emissions economy by 2050. As part of this vision Government announced that no new permits will be issued for offshore oil and gas exploration, including in Taranaki.
21. Work is already being done in Taranaki to prepare for the transition, including a collaborative planning exercise (Tapuae Road: Make Way for Taranaki); establishment of a New Energy Development Centre; and an initiative to establish a hydrogen-based energy ecosystem for the demonstration of zero emission transport solutions.
22. A transitioning Taranaki economy has opportunities and risks for the local workforce. Some retraining may be required to help workers adjust to changes in the labour market. Where this is the case, WITT, as the largest provider of vocational education in the Taranaki region, could reasonably be expected to have an important role to play.

Section 9(2)(a)

Manager Delivery and Projects
Delivery Directorate
Tertiary Education Commission

9 April 2019

Hon Chris Hipkins

Minister of Education

___ / ___ / ___

Appendix 1: WITT summary sheet (A3)

TEI PROFILE: Western Institute of Technology at Taranaki

Chair: Robin Brockie Chief Executive: John Snook

Key narrative: Western Institute of Technology at Taranaki (WITT) is a category 2 EER provider situated in New Plymouth, Taranaki. Major provision is in engineering and related technologies; food, hospitality and personal services; society and culture; and health. In November 2017 an independent advisor was appointed to monitor and advise WITT and the TEC on WITT's financial viability; strategic direction; and risk and performance.



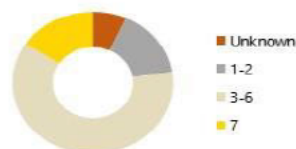
Delivery sites

Town/city	All EFTS (2017)
New Plymouth	1,286
Extramural	22
Other sites	55
Total	1,363

Top five qualifications by enrolment

Qualification	All EFTS (2017)
Bachelor of Nursing	121
Certificate in Tertiary Studies (Lvl 2)	95
NZ Diploma in Engineering (Mech & Elec)	69
Graduate Diploma in Engineering (Highways)	63
Diploma in Professional Cookery	50

Delivery by NZQF level (all EFTS) for 2017



Recent delivery data and demographics

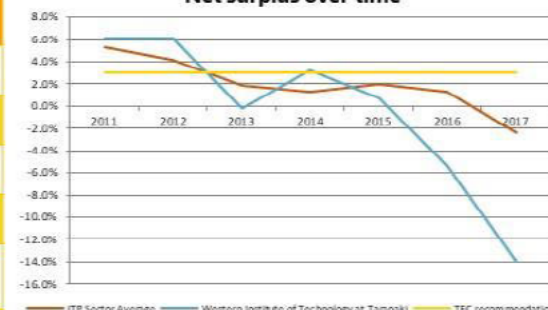
	2015	2016	2017
All EFTS	1,734	1,727	1,363
All learners	5,506	5,298	4,627
% Māori learners	21.6%	21.6%	20.4%
% Pasifika learners	3.9%	3.5%	3.1%
% learners 25 and over	62.6%	62.2%	59.2%
International full-fee delivery:			
EFTS	227	175	135
As % of all EFTS	13.1%	10.1%	9.9%

Financial commentary: Section 9(2)(a)

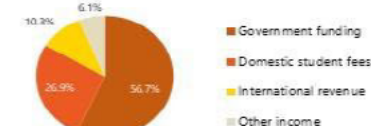
increased monitoring and an independent advisor to Council are in place due to declining financial performance.

	2015 audited (\$000)	2016 audited (\$000)	2017 audited (\$000)	2016-2017 change
Total Income	24,418	23,668	19,957	↓
Total Government Funding	13,054	13,570	11,315	↓
Total International Income	2,824	2,338	2,055	↓
Total Domestic Fees and Charges	5,895	6,082	5,365	↓
Net surplus before unusual items	185	-1,288	-3,148	↓
Net surplus (before unusual items) ratio	0.8%	(5.4%)	(15.8%)	↓
Net surplus after unusual items	185	73	-3,641	↓
Net surplus (after unusual items) ratio	0.8%	0.3%	(19.2%)	↓
Total Liquid assets	8,130	5,057	6,187	↑
Total Debt	3,644	3,835	4,036	↑

Net surplus over time



Funding source for 2017



Educational Performance (Cohort EPIs)

Course completion



Qualification completion



Progression



Retention



WITT – 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	83.5%	69.8%	65.8%	Qualification completion	54.6%	44.5%	46.6%	Progression	29.3%	34.2%	48.6%	Retention	64.4%	54.1%	71.4%

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%	Qualification completion	54.4%	49.7%	51.3%	Progression	32.6%	37.0%	36.9%	Retention	63.8%	53.9%	56.8%

Appendix 2: WITT'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.

			Values		
Edumis	Provider Name	Fund	Total 2018 Funding	\$ Delivered	(Under)/Over Delivered Total
6017	WITT	Student Achievement Component Levels 1 and 2 (Competitive)	\$634,204	\$601,057	(\$33,147)
		Student Achievement Component Levels 1 and 2 (Non-Competitive)	\$367,600	\$282,095	(\$85,505)
		Student Achievement Component Levels 3 and 4 (Competitive)	\$460,800	\$348,817	(\$111,983)
		Student Achievement Component Levels 3 and above	\$8,327,956	\$7,951,270	(\$376,686)
		Youth Guarantee	\$728,199	\$740,394	\$12,195
		DualPathways	\$174,807	\$0	(\$174,807)
6017 Total			\$10,693,566	\$9,923,633	(\$769,933)

Total On-plan SAC (excluding special supplementary grant funding) and YG funding for WITT for 2019 is **\$10,742,028**. This is an increase of \$818,395 (or 8.25%) over WITT's indicative 2018 SAC and YG delivery of \$9,923,633. A fuller breakdown of 2019 funding is outlined in Appendix 4.

Appendix 3: Biographies of WITT Chair and Chief Executive

Robin Brockie, Chair



Robin Brockie is a former partner of the chartered accounting practice of Staples Rodway Taranaki Limited (formerly with Ernst & Young). Mr Brockie's governance experience includes roles with the Dame Malvina Major Foundation, Venture Taranaki Trust, Tui Ora Limited, Anglican Diocese of Waikato and Taranaki and the Taranaki Arts Community Trust. He received a Queen's Service Medal in 2016 for services to the community.

John Snook, Chief Executive



John Snook was appointed WITT Chief Executive on a two-year contract starting on 4 February 2019. He was Acting Chief Executive of the Waiariki Institute of Technology (Waiariki) during 2011-12; prior to that he was Deputy Chief Executive (Academic Quality and Strategy). After leaving Waiariki in 2013, Mr Snook set up Action Consulting Group Ltd and the New Zealand Institute of Business and Technology (NZIBT). He also contributed to the Strategic RoadMap development for New Zealand's international education industry.

Appendix 4: WITT's funding for 2019

The table below shows WITT's initial 2019 funding allocation.

On-plan Funds <i>Funding Period: 1 January 2019 - 31 December 2019</i>	2019 Funding (ex GST)
Adult and Community Education (TEIs)	\$159,111.00
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF	\$1,247,475.00
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF – Special supplementary grant for special education	\$91,787.00
Student Achievement Component – Provision at Level 3 and above on the NZQF	\$8,766,354.00
Youth Guarantee	\$728,199.00
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	TBC
Total On-plan Funding	\$10,992,926.00