

Event backgrounder: Meeting with Andrew Robb from Tai Poutini Polytechnic on 11 April 2019

To:	Hon Chris Hipkins, Minister of Education
From:	Section 9(2)(a) Manager Delivery and Projects, Delivery Directorate
Date:	8 April 2019
Reference:	E-19-00482

Purpose

1. This backgrounder provides you with information to support your meeting with the Chair of Tai Poutini Polytechnic (TPP), Andrew Robb, on Thursday 11 April 2019 at 12.30pm - 1.00pm. He would like to discuss his views on the Reform of Vocational Education (RoVE) proposals. A biography of the Chair is attached as Appendix One.
2. General information about TPP is attached as Appendix Two. This appendix includes a short narrative; delivery, enrolment, site and demographic data; financial commentary and educational performance indicator (EPI) information for the 2017 year.
3. Finalised data for the 2018 year is not available until the April 2019 single data return (SDR) has been submitted and analysed. However, an indicative view of TPP's delivery for 2018, compared to its Student Achievement Component (SAC) and Youth Guarantee (YG) funding allocations, is included in Appendix Three.
4. TPP's funding for 2019 is included in Appendix Four.
5. We recommend that this backgrounder is proactively released.

About Tai Poutini Polytechnic

6. Until recently, TPP delivered over two-thirds of its programmes outside the West Coast. TPP's Music and Audio Institute of New Zealand (MAINZ) had delivery sites in Auckland and Christchurch, which have been transferred to the Southern Institute of Technology (SIT).
7. In 2016, it became apparent there were serious financial issues at TPP and that it would not be able to meet its financial obligations by early 2017. In addition, an investigation by Deloitte on behalf of the TEC, found that TPP were under-delivering against the requirements of its programme approvals, resulting in over-funding of \$21 million. This led to TPP receiving two Capital injections (\$3.5 million in 2017; \$8.5 million 2018/19) and a debt write-off of \$24 million related to the over-funding identified in the investigation.

8. As a result of the financial issues, a Crown Manager, Murray Strong, was appointed by the Minister of Education at the end of 2016; taking over all of the responsibilities of the Council except for Health and Safety. Existing Council members also had responsibility for engaging industry and other stakeholders on the West Coast. Alex Cabrera was appointed interim CE in mid-2016.
9. A business case was prepared by the Crown Manager in 2017 proposing options for structural change (merger; or establishing a new regional operating model). You decided to postpone making any decision on TPP's future at that time, preferring to align any decision with the outcome of first the ITP Roadmap 2020 and Vocational Education and Training Review projects, and subsequently, your RoVE proposals.
10. In 2017 NZQA carried out an External Evaluation and Review for TPP that resulted in a Category 4 rating (Not Confident). NZQA carried out a further review in December 2018 and because of improvements made, NZQA changed the rating from a Category 4 to a Category 3 (Not Yet Confident).
11. In December 2018, The TEC Board approved 12 months of funding for TPP. This funding amounts to \$4,125,102 in total, with a fund breakdown provided in Appendix Four.
12. In preparing its Investment Plan TPP undertook research into the skills and qualifications needed by West Coast businesses and potential students. A number of new programmes are being developed to reflect the needs of its stakeholders. TPP is proposing to partner with other providers to deliver programmes for which TPP has no capability. Agreements have been signed with SIT, the Open Polytechnic and Te Wānanga o Aotearoa.
13. Your recent decision to change the way emergency management, and search and rescue ACE funding is allocated will affect TPP funding in 2019. As the largest provider of this delivery it could further reduce funding by up to \$1 million. The TEC is working with TPP on the impact of this change.
14. TPP has signalled the need for further Crown financial support in 2019 as its cash position remains extremely tight. However, this will not be required until the second half of 2019. The TEC is working with the Ministry of Education on options for you to consider and we will provide advice to you next month.

RoVE consultation to date, and matters Mr Robb may raise

15. The Reform of Vocational Education (RoVE) team visited TPP on 13 March 2019. The day-long visit consisted of engagement with the CE and Chair; engagement with the Council (including CE and Chair) and all other staff; and attendance at staff and student drop in sessions and a community engagement session.
16. Overall, staff at TPP were very supportive of the proposals for reform, and acknowledged that their limited capacity at present created a range of challenges for the organisation. In addition, they saw opportunities that could be enhanced through a new proposed structure, and at CE/Chair level, were supportive of a centralisation approach (if managed well).
17. The concerns that TPP raised were mainly around the regional relevance of delivery, and about supporting and enabling positive cultural change within the institute of technology and polytechnic (ITP) sector. They also discussed the appropriate level of regional autonomy needed to be able to meaningfully engage with regional stakeholders, including iwi.

18. Mr Robb has a wider interest in the RoVE proposals, from his position of Chairman of the West Coast Regional Council. He is therefore likely to have a particular personal interest in ensuring that appropriate regional connections are enabled within the proposed New Zealand Institute of Skills & Technology.

Section 9(2)(a)

Manager Delivery and Projects
Delivery Directorate
Tertiary Education Commission

8 April 2019

Hon Chris Hipkins

Minister of Education

___ / ___ / ___

Appendix One: Biography of TPP Chair

Andrew Robb, Chair



Andrew Robb was appointed as Chair of TPP council in March 2017. He has also been a Councillor on the West Coast Regional Council since October 2010, undertaking the role of Chair for the last four years. His leadership focuses is on improving the economic well-being of the region, safeguarding the environment, and collaboration with the three district councils.

Mr Robb is a dairy farmer at Coal Creek and is heavily involved in the community. His governance experience includes six years chairing a board of trustees and he chairs the Governance Group of the Tai Poutini West Coast Growth Study.

Appendix Two: TPP summary sheet (A3)

TEI PROFILE: Tai Poutini Polytechnic

Chair: Andrew Robb Chief Executive: Alex Cabrera

Key narrative: Tai Poutini Polytechnic (TPP) is a category 4 EER provider with a main campus situated in Greymouth on the West Coast. Major provision is in architecture and building; and engineering and related technologies. An investigation into under-delivery of learning hours at TPP identified a significant debt owing to the TEC. The TEC and TPP worked together to address the issues identified, including by appointing a Crown Manager in December 2016. In 2018, TPP provision delivered through its MAINZ campus transferred to SIT.



Town/city	All EFTS (2017)
Manukau City	362
Auckland	325
Greymouth	292
Christchurch	209
Other sites	767
Total	1,955

Top five qualifications by enrolment

Qualification	All EFTS (2017)
National Certificate in Scaffolding (Elementary) (Lvl 3)	383
Certificate of Proficiency	214
Bachelor of Audio Engineering & Production	108
SAR ACE	95
National Certificate in Occupational Health & Safety (Coordination) (Lvl 4)	80

Delivery by NZQF level (all EFTS) for 2017

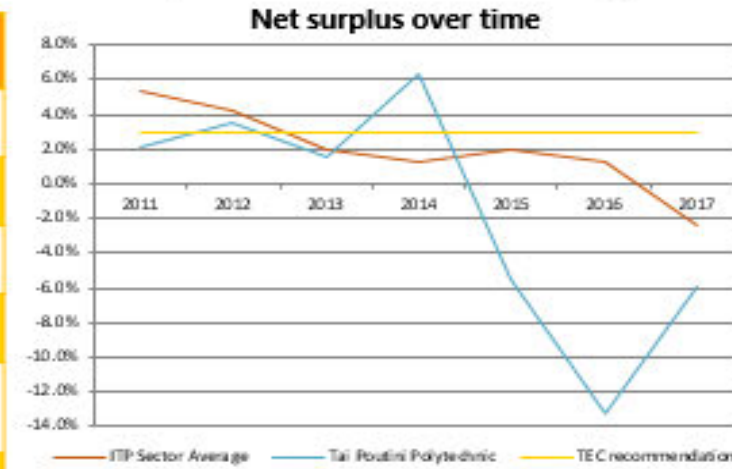


Recent delivery data and demographics

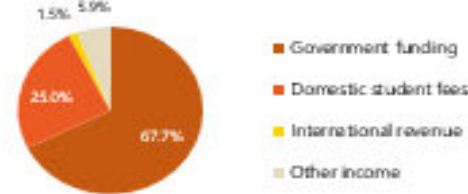
	2015	2016	2017
All EFTS	2,328	1,971	1,955
All learners	8,155	7,397	7,156
% Māori learners	18.6%	21.7%	22.5%
% Pasifika learners	10.0%	8.8%	9.0%
% learners 25 and over	76.1%	76.2%	75.8%
International full-fee delivery:			
EFTS	73	80	60
As % of all EFTS	3.1%	4.1%	3.1%

Financial commentary: TPP's financial performance is of considerable risk and is being actively managed via a formal intervention and ongoing monitoring. Capital injections have been required to enable TPP to meet its obligations.

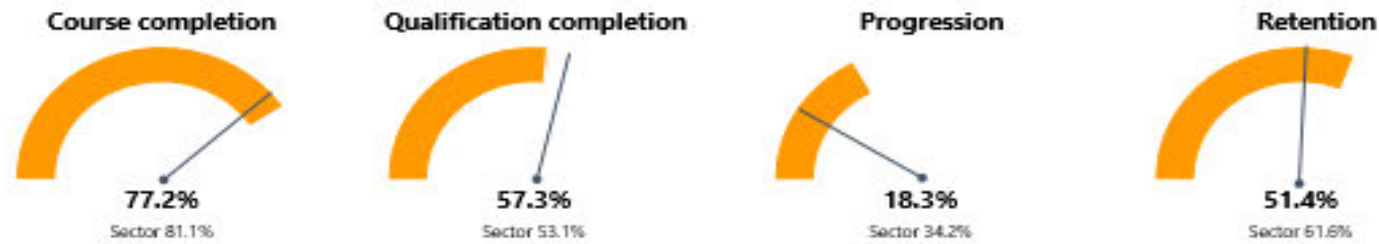
	2015 audited (\$000)	2016 audited (\$000)	2017 unaudited (\$000)	2016-2017 change
Total Income	23,653	22,657	22,056	↓
Total Government Funding	16,776	16,154	14,937	↓
Total International Income	173	269	321	↑
Total Domestic Fees and Charges	5,128	4,730	5,504	↑
Net surplus before unusual items	-1,313	-3,013	-1,294	↑
Net surplus (before unusual items) ratio	-5.6%	-13.3%	(5.9%)	↑
Net surplus after unusual items	-1,613	-3,513	-4,983	↓
Net surplus (after unusual items) ratio	-6.8%	-15.5%	(22.6%)	↓
Total Liquid assets	4,877	1,651	2,837	↑
Total Debt	0	0	0	↓



Funding source for 2017



Educational Performance (Cohort EPIs)



TPP – 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	81.0%	67.4%	67.3%	53.8%	61.5%	63.5%	15.3%	24.8%	17.2%	45.2%	57.7%	69.2%

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%



Data reviewed: 25 May 2018

Appendix Three: TPP'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
6024	Tai Poutini Polytechnic	Student Achievement Component Levels 1 and 2 (Non-Competitive)	\$53,125	\$19,530	(\$33,595)
		Student Achievement Component Levels 3 and above	\$6,292,874	\$5,900,455	(\$392,419)
		Youth Guarantee	\$526,463	\$482,416	(\$44,047)
6024 Total			\$6,872,462	\$6,402,401	(\$470,061)

Total On-plan SAC and YG funding for TPP for 2019 is \$4,125,102. This is a decrease of \$2,277,299 (or -35.6%) over TPP's indicative 2018 SAC and YG delivery of \$6,402,401. A fuller breakdown of 2019 funding is outlined in Appendix Four.

Appendix Four: TPP's funding for 2019

The table below shows Tai Poutini Polytechnic's initial 2019 funding allocation.

Edumis number: 6024

On-plan Funds <i>Funding Period: 1 January 2019 - 31 December 2019</i>	2019 Funding <i>(ex GST)</i>
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF	\$54,000.00
Student Achievement Component – Provision at Level 3 and above on the NZQF	\$3,603,082.00
Youth Guarantee	\$468,020.00
Equity total funding	TBC
Equity funding for Māori students	TBC
Equity funding for Pasifika students	TBC
Equity funding for students with disabilities	TBC
Total On-plan Funding	\$4,125,102.00

Your funding has been approved based on the information you submitted as part of your Plan or application for funding, for example the EFTS provided in your Mix of Provision.