

Event backgrounder: **Minister to speak at the Open Polytechnic Graduation on Thursday, 23 May 2019.**

To:	Hon Chris Hipkins, Minister of Education
From:	s9(2)(a), Manager Delivery and Projects, Delivery Directorate
Date:	8 May 2019
Reference:	E-19-00509

Purpose

1. You are scheduled to attend the Open Polytechnic of New Zealand (OPNZ) graduation on Thursday 23 May 2019 from 3:15pm to 4:15pm at the Michael Fowler Centre in Wellington. At approximately 3:50pm you will be invited to provide a 5-10 minute speech. A speech for this occasion has been prepared [see ref SP-19-00510].
2. Biographies of the OPNZ Council Chair and Chief Executive are attached as Appendix 1.
3. General information about OPNZ is attached as Appendix 2. 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. OPNZ delivery information in Appendix 2 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 analysed. However, an indicative view of OPNZ's Student Achievement Component (SAC) funding compared with delivery for 2018 is included in Appendix 3, and OPNZ's funding for 2019 is included in Appendix 4.
5. We recommend that this backgrounder is proactively released.

Background information on OPNZ

6. OPNZ delivers qualifications in a broad suite of subject areas to a range of learners nationwide, and is the country's only fully 'specialist ODFL (Open Distance, Flexible Learning) provider'. Unlike all other polytechnics, OPNZ experiences higher demand in times of low unemployment as most of its students are in work and study part-time.
7. OPNZ offers a range of bridging and vocational programmes at lower levels, as well as degree programmes in education, Information Technology, business, social and health sciences, and the primary industries.
8. In 2018, OPNZ partnered with the Department of Corrections (Corrections) to trial a new collaborative delivery model for prison-based learners. Corrections education staff provided direct learner support, and an evaluation of this delivery pilot was positive. This led to TEC approving additional SAC level 1 and 2 funding (of \$0.5M) for 2019 to support Corrections and foundation-level prison-based learners.

9. OPNZ's most recent Investment Plan was submitted in 2018 and was approved for a two year period.

The TEC has concerns about OPNZ's educational performance

10. The TEC's key area of concern with OPNZ is its educational performance, particularly for Māori and Pasifika learners. Compared with the ITP sector as a whole, OPNZ performs poorly for course completion, qualification completion, progression and retention (see Appendix 2). While poorer performance may be expected from students juggling multiple commitments, the gap between OPNZ and other ITPs is notable, even when accounting for known challenges associated with extramural study.
11. Through data analytics, OPNZ expects to be better able to identify those students needing additional support, along with when this support is required. While this approach is promising, OPNZ still needs to actively divest from its poorest performing provision and address its student support services to ensure that its enrolment processes help learners to make better choices.

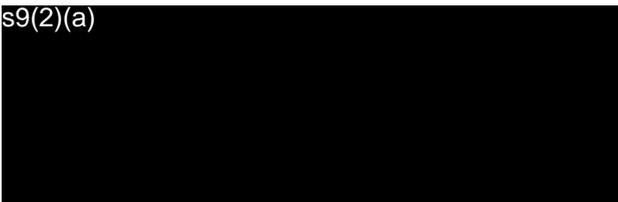
OPNZ is focused on growing its enrolments and online operations

12. A key priority for OPNZ is to offer open access to anyone wanting to learn while also focussing on growing its enrolments and expanding its online operations. This creates a challenge in an environment where OPNZ's performance does not yet warrant additional investment outside of relatively small bespoke areas of excellence (such as its current Corrections delivery).
13. On 18 April 2019, OPNZ wrote to TEC to request \$1.5 million of additional funding to meet forecasted demand. This request is being considered by TEC.

OPNZ broadly supports the RoVE proposals

14. You recently met with OPNZ's Council Chair, Murray Bain, and Chief Executive, Caroline Seelig, on 26 April 2019 to discuss the Reform of Vocational Education (RoVE). An Event Backgrounder for this meeting was provided to you on 23 April 2019 [see ref E-19-00557].
15. The TEC received a submission from OPNZ on the RoVE proposals on 5 April 2019. The submission was broadly in support of the RoVE proposals, with specific suggestions on how to implement proposal two ("create a New Zealand Institute of Skills and Technology (NZIST) with a robust regional network of provision").
16. OPNZ is, as an online provider, particularly concerned with how distance delivery is provided as part of the NZIST. It is concerned that other regional centres of the new NZIST would not be able to provide the same expertise and capability as what the OPNZ could offer. OPNZ proposes that in addition to the central NZIST and regional delivery centres, there should also be a "distance delivery arm", and this function would sit across all delivery regions of the NZIST.

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Manager Delivery and Projects
Delivery Directorate

8 May 2019

Hon Chris Hipkins

Minister of Education

___ / ___ / ___

Appendix 1: Biographies of OPNZ Chair and Chief Executive

Murray Bain, Chair



Murray Bain is a highly experienced director, and corporate and government organisational leader.

During his career across the public and private sector he has been a senior banker (Assistant Governor Reserve Bank of New Zealand; Senior General Manager Trust Bank New Zealand), senior financial executive (Trust Bank New Zealand) and Chief Executive in Government agencies (Ministry of Science & Innovation; Foundation for Research, Science & Technology; and Accident Compensation Corporation (acting)).

Murray has wide board experience across a range of private, not-for-profit and government organisations. He is currently an independent Director of Powerco New Zealand Limited; Deputy Chair of TSB Bank; a NorthTec board member; and a Director of the Central DHB Technology Advisory Services Board.

Caroline Seelig, Chief Executive



Dr Caroline Seelig joined the Open Polytechnic as Chief Executive on 26 January 2009. Formerly Deputy Chief Executive of Nelson Marlborough Institute of Technology (NMIT) from 2000–2009, Caroline has more than 20 years of experience as a senior manager in New Zealand's ITP sector.

Caroline has extensive knowledge of the ITP sector, having previously held senior positions in Tai Poutini Polytechnic, Eastern Institute of Technology, and Nelson Marlborough Institute of Technology. She has led institutional strategic and investment planning, along with oversight of flexible learning, teaching and delivery units; academic portfolio development; quality management; and student support. She has also been involved in a wide range of successful collaborative initiatives and projects to drive change and innovation.

Caroline is an honorary adviser to the Commonwealth of Learning.

A Woolf Fisher Scholar in 2004, Caroline holds a PhD in Biology from University College of Swansea and a Master of Educational Administration from Massey University.

Appendix 2: OPNZ summary sheet (A3)

TEI PROFILE: The Open Polytechnic

Chair: Murray Bain Chief Executive: Caroline Seelig

Key narrative: The Open Polytechnic of New Zealand (OPNZ) is a category 2 EER provider, specialising in distance and flexible delivery, with a main campus in Lower Hutt, Wellington. Major provision is in management and commerce; society and culture; education; and health. Approximately 70% of OPNZ students are in employment, and around 95% are studying part-time. OPNZ launched its digital delivery platform, iQualify, in 2015 and has been progressively rolling it out across its programme portfolio.



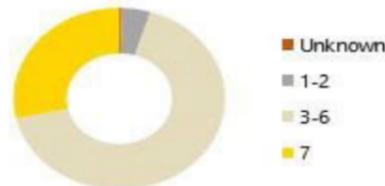
Open Polytechnic
KURATINI TUWHERA

Delivery sites	
Town/city	All EFTS (2017)
Extramural	5,636
Total	5,636

Top five qualifications by enrolment

Qualification	All EFTS (2017)
Bachelor of Teaching (ECE)	415
Bachelor of Business	394
Real Estate (Salesperson) (Lvl 4)	369
NZ Diploma in Business Studies	249
Fitness (Exercise Consultant) (Lvl 3)	237

Delivery by NZQF level (all EFTS) for 2017



Recent delivery data and demographics

	2015	2016	2017
All EFTS	5,777	5,864	5,663
All learners	31,288	31,416	32,661
% Māori learners	17.9%	18.3%	17.7%
% Pasifika learners	7.2%	6.3%	6.0%
% learners 25 and over	76.2%	78.9%	81.2%
International full-fee delivery:			
EFTS	59	47	35
As % of all EFTS	1.0%	0.8%	0.6%

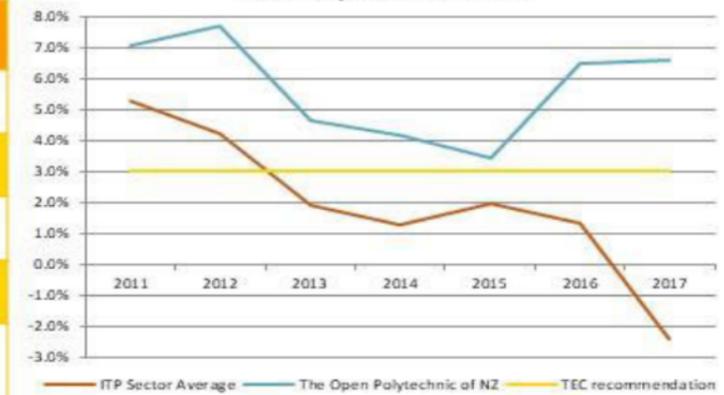


Data reviewed: 25 May 2018

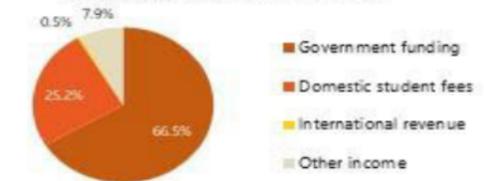
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	2015 audited (\$000)	2016 audited (\$000)	2017 audited (\$000)	2016-2017 change
Total Income	59,083	63,289	61,589	↓
Total Government Funding	40,344	41,371	40,925	↓
Total International Income	438	388	293	↓
Total Domestic Fees and Charges	16,012	15,385	15,496	↑
Net surplus before unusual items	2,023	4,130	2,877	↓
Net surplus (before unusual items) ratio	3.4%	6.5%	4.7%	↓
Net surplus after unusual items	2,023	4,130	1,182	↓
Net surplus (after unusual items) ratio	3.4%	6.5%	1.9%	↓
Total Liquid assets	43,989	38,404	36,429	↓
Total Debt	0	0	0	

Net surplus over time



Funding source for 2017



Educational Performance (Cohort EPIs)

Course completion



72.3%

Sector 81.1%

Qualification completion



32.1%

Sector 53.1%

Progression



22.6%

Sector 34.2%

Retention



51.8%

Sector 61.6%

OPNZ – 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
Course completion	75.6%	59.6%	55.2%		33.7%	25.5%	32.2%		18.5%	35.4%	22.5%
Qualification completion	56.0%	41.0%	32.8%		33.7%	25.5%	32.2%		18.5%	35.4%	22.5%
Progression	56.0%	41.0%	32.8%		33.7%	25.5%	32.2%		18.5%	35.4%	22.5%
Retention	56.0%	41.0%	32.8%		33.7%	25.5%	32.2%		18.5%	35.4%	22.5%

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
Course completion	84.5%	72.2%	72.2%		54.4%	49.7%	51.3%		32.6%	37.0%	36.9%
Qualification completion	84.5%	72.2%	72.2%		54.4%	49.7%	51.3%		32.6%	37.0%	36.9%
Progression	84.5%	72.2%	72.2%		54.4%	49.7%	51.3%		32.6%	37.0%	36.9%
Retention	84.5%	72.2%	72.2%		54.4%	49.7%	51.3%		32.6%	37.0%	36.9%

Appendix 3: OPNZ's SAC 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
6022	Open Polytechnic	Student Achievement Component Levels 1 and 2 (Non-Competitive)	\$2,389,000	\$2,400,095	\$11,095
		Student Achievement Component Levels 3 and above	\$34,731,770	\$34,400,331	(\$331,439)
6022 Total			\$37,120,770	\$36,800,426	(\$320,344)

Total On-plan SAC funding for OPNZ for 2019 is **\$37,894,910**. This is an increase of \$1,094,484 (or 2.89%) over OPNZ's indicative 2018 SAC delivery of \$36,800,426. A fuller breakdown of 2019 funding is outlined in Appendix 4.

Appendix 4: OPNZ funding for 2019

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

Edumis number: 6022

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	\$2,621,026.00
Student Achievement Component – Provision at Level 3 and above on the NZQF	\$35,273,884.00
Equity total funding	\$271,286.00
Equity funding for Māori students	\$105,748.00
Equity funding for Pasifika students	\$34,717.00
Equity funding for students with disabilities	\$130,821.00
Performance-Based Research Fund	\$155,202.79
Total On-plan Funding	\$38,321,398.79

Performance-Based Research Fund

The funding under the PBRF comprises the following:

PBRF Component	2019 allocation
Quality Evaluation:	\$153,281.17
<i>Percentage allocated from this component (2019):</i>	<i>0.0885%</i>
Research Degree Completions:	\$0.00
<i>Percentage allocated from this component (2019):</i>	<i>0.0000%</i>
External Research Income:	\$1,921.63
<i>Percentage allocated from this component (2019):</i>	<i>0.0031%</i>