



Tertiary Education Report: Next steps regarding Whitireia New Zealand and Wellington Institute of Technology

Date:	10 August 2018	TEC priority:	High
Security level:	In Confidence	Report no:	B/18/00508
		Minister's office No:	

ACTION SOUGHT		
	Action sought	Deadline
Hon Chris Hipkins Minister of Education	Note and agree the advice and recommendations in this paper on financial support and further intervention necessary at Whitireia New Zealand and Wellington Institute of Technology	At your earliest convenience
Enclosure: Yes Appendix 1: Risk assessment criteria: Weltec and Whitireia Appendix 2: Interventions available	Round Robin: No	

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)				
Name	Position	Telephone		1st contact
Tim Fowler	Chief Executive	9(2)(a)		✓
9(2)(a)				

THE FOLLOWING DEPARTMENTS/AGENCIES HAVE SEEN THIS REPORT

- DPMC MPI ENZ ERO MBIE MoE MFAT
 MPP MSD NZQA NZTE TEC TPK Treasury

- Minister's Office to Complete:**
- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments:

Recommendations

Hon Chris Hipkins, Minister of Education

It is recommended that you:

1. **note** that you are seeking Cabinet's agreement to provide financial support to Whitireia New Zealand (Whitireia) in response to its serious financial issues;
2. **note** you have indicated that, due to the nature of the financial issues at Whitireia and concerns about its long term viability, you wish to consider options for statutory intervention to provide the Crown with assurance that financial support will be appropriately managed;
3. **note** that Whitireia operates in strategic partnership with Wellington Institute of Technology (WelTec) with a combined Council and joint leadership team;
4. **note** that both Whitireia and WelTec are now high risk on the TEC's financial monitoring framework and I have no confidence in the ability of the combined Council to address the risks at either institution in a timely way;
5. **note** that, in line with section 195D of the Education Act 1989, I consider there is a serious risk to the operation or long-term viability of Whitireia and WelTec and statutory intervention is required as other methods of reducing the risk have failed or are likely to fail;
6. **note** that I have considered the intervention options available to me, as Chief Executive of the TEC, and you, as Minister of Education, under the Education Act 1989 and recommend you seek to dissolve the WelTec Whitireia combined Council and appoint a Commissioner;
7. **note** that dissolution of the combined Council and appointment of a Commissioner requires consultation with the combined Council and other interested parties, and, if you choose to proceed following consultation, a further notice to the Council affording them the opportunity to respond to your preliminary decision;
8. **agree** to delegate to me, as Chief Executive of the TEC, responsibility for undertaking the initial consultation process on your behalf, after which I will report back to you with a summary of feedback and recommendations on a preliminary decision;
AGREED / NOT AGREED
9. **note** that I will seek your approval of a consultation approach and communications plan, prior to commencing consultation on the proposed intervention; and

10. **agree** to defer a decision on the proactive release of this briefing until after negotiations with Whitireia and WelTec have been completed regarding any financial support, and final decisions have been made on possible interventions.

AGREED / NOT AGREED



Tim Fowler

Chief Executive
Tertiary Education Commission

10 August 2018

Chris Hipkins

Minister of Education

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Purpose

1. This briefing is to provide you with information and recommendations about the statutory intervention necessary to provide appropriate oversight for your proposed financial support for Whitireia. A statutory intervention would also provide the Crown with greater assurance of WelTec and Whitireia's long-term viability.
2. This briefing provides information to support my recommendation to initiate a process, under section 195D of the Education Act 1989 (the Act), towards dissolving the WelTec Whitireia combined Council and appointing a Commissioner. This is based on my view that both institutions are now at risk and that governance failure contributed to the need for financial support to Whitireia.

Whitireia is not viable or sustainable in the long run

3. I verbally advised you in June that Whitireia is projecting a cash shortfall. The shortfall is \$8 million for 2018 and \$8 million in 2019, with cash forecast to run out in late September 2018.
4. On 29 June 2018, the Chair of the combined Council and I agreed to the appointment of an Independent Financial Advisor (IFA). The IFA was appointed to monitor Whitireia's financial situation, advise the TEC, the Secretary of Education and the Minister of Education on risk and performance, and to provide support to the Chair and senior management.
5. I am providing this advice in the light of the IFA's initial report to the TEC and legal advice on the governance arrangements. The IFA considers that Whitireia needs \$15 million in financial support to continue operating this financial year, and is not sustainable in the long term. You are currently seeking Cabinet's agreement to draw from an existing Tertiary Education Institution (TEI) Support contingency to provide a capital injection. This would enable Whitireia to work towards a sustainable business model within the wider parameters of the ITP Roadmap 2020 Project.
6. The financial difficulties are due, in part, to a rapid decline in EFTS (equivalent full-time students). According to the IFA, other factors include decisions made by the combined Council about financing the fit-out at Te Auaha and, in the face of a worsening financial situation, the Council's lack of focus on cash-flow and reducing costs with sufficient speed and effectiveness.
7. I therefore am not confident that the combined Council can address the risks at Whitireia in a timely way. While the situation at WelTec is not as severe, and financial support is not required at this time, WelTec also rates as high risk on the TEC's financial monitoring framework.

Governance is more complex than at Unitec

A combined council has governed Whitireia and WelTec since 2012

8. In November 2011, a combined council was established for Whitireia and WelTec and came into effect on 1 January 2012.
9. In 2015, following the retirement of both chief executives, Chris Gosling was appointed by the combined Council as the Chief Executive of Whitireia and WelTec. He was

previously Deputy Chief Executive (Operations) at Whitireia. In 2016, the Chief Executive announced a joint leadership team.

The process of dissolution requires two new councils or a Commissioner to replace both

10. A combined council can be dissolved in one of two ways:
 - Option 1: You, as the Minister, dissolve the council and replace it with a Commissioner under section 195D of the Act. In this case the Commissioner would take charge of both WelTec and Whitireia.
 - Option 2: This is a council-led option whereby you dissolve the council on the council's recommendation under section 222AO of the Act, which is subject to prerequisites.
11. The prerequisites for dissolving the council under option 2 are: (a) the council has consulted widely with stakeholders and (b) you, as Minister, have created two new councils for Whitireia and WelTec and appointed the Ministerial members to each of the new councils, to replace the existing combined council when it is dissolved.
12. Under option 2, you would then be able to consult with and ultimately dissolve the council of Whitireia (under section 195D) and appoint a Commissioner to Whitireia alone. However, the process of dissolution of the new Whitireia council is extremely convoluted and likely to take much longer than it did for Unitec and I am not confident the combined Council would recommend its own dissolution under section 222AO of the Act.
13. I therefore consider option 2 is not a desirable way forward in this case. It is likely to be a lengthy process when the financial pressures are urgent and, at an operational level, it would mean the joint leadership team reporting to the Commissioner on Whitireia's performance and to a reconstituted council on WelTec's performance.
14. Given the level of risk now faced by both institutions, I recommend option 1 – you consider dissolving the WelTec Whitireia combined Council under section 195D of the Education Act and appointing a Commissioner to act in place of the combined Council.

Whitireia and WelTec both meet the risk assessment criteria

15. The Table (Appendix 1) shows how each institution measures against the Gazetted Risk Assessment Criteria for Tertiary Education Institutions.

The IFA's report confirms Whitireia has serious short-term financial issues

16. Significant declines in domestic and international enrolments since 2015 has negatively affected the profitability of Whitireia's core teaching and research business. In addition, in 2014, Whitireia committed to a lease and subsequently invested \$16.6 million (its share of the circa \$25.2m full cost, the balance met by WelTec) in the fit-out of Te Auaha, the new Institute of Creativity in Cuba Street, Wellington.
17. Te Auaha has been funded from free cash flow, revenue received in advance and bank debt, which contributed to the pressure on cash flow currently being experienced. The decline in EFTS (especially international EFTS) has added pressure to cash flow and resulted in operating losses as costs have not matched the decline in revenue.
18. Whitireia is forecasting a "worst-case" EBITDAR (earnings before interest, tax, depreciation and restructuring costs) deficit of \$2.8 million for 2018. At a net deficit level, including depreciation, interest and non-operating costs, \$9.6 million (-19.5%) is

forecast. The IFA's financial review forecasts that Whitireia will have a cash shortfall of around \$8 million for 2018. With cash expected to run out in September, urgent and drastic action is required.

19. Whitireia has a \$14 million facility with ANZ (ANZ Bank New Zealand Limited) that is fully drawn down. The current facility is on-call and a number of banking covenants are breached. ANZ has advised that it is not willing to increase Whitireia's facility, although it has offered to retain the current level of lending with a portion of the debt (\$8 million) remaining on-call and a portion (\$6 million) restructured onto a two-year term. ANZ's offer may require a security over assets.
20. Whitireia's existing borrowing consent requires re-approval and borrowing covenants reset due to the breach of the existing covenants. Changes to the terms of the facility with ANZ and/or a request for security will also require approval from the Secretary for Education under section 192(4)(b) and (d) of the Education Act.

Cost-savings and cost containment alone will not address the shortfall for 2018...

21. A staffing review and a programme rationalisation process has been initiated with a view to reduce costs and remove duplication. A review of central service support costs is underway and is expected to deliver approximately \$4 million of annualised savings. However, delays in Whitireia's change process mean that the majority of savings achieved will only have an impact in 2019 onwards and not in 2018.
22. There is a risk that Semester 2 enrolments will not meet forecast expectations, which would further adversely impact Whitireia's financial performance, cash receipts, and potentially increase TEC's in-year plan amendment recoveries. Three million dollars of outstanding international student fee income remains to be secured in 2018.

...and it is more than likely that there will be ongoing cash flow issues in 2019

23. A further cash shortfall of \$8 million is projected for 2019, based on financial forecasts that are high-level and reflect broad assumptions. Whitireia advises that this is on a "worst-case" basis; however, we and the IFA consider that a number of these assumptions, such as steady domestic EFTS, could be overly optimistic.
24. While Whitireia has forecast total domestic EFTS to stabilise at forecast 2018 levels, the general consensus in the sector is that EFTS will continue to reduce. Sensitivity analysis on 2019 forecast shows the impact on further domestic EFTS reductions could be significant and further exacerbate financial issues.
25. You are currently seeking Cabinet's agreement to provide financial support of \$15 million to Whitireia, in the form of a capital injection. This would initially support Whitireia through the forecast 2018 and 2019 cash shortfalls. However, Whitireia is currently not viable or sustainable in its current form. Substantial restructuring is required, and it is unclear how quickly Whitireia would be able to right-size its business.

Issues at WelTec are not yet as severe, but are of increasing concern

26. WelTec's financial performance, while stronger than Whitireia's, still operates at a deficit level, with a 2018 forecast deficit of \$0.2 million, against a budget surplus of \$2.6 million. This decline in performance has been driven by lower than expected domestic and international enrolments. Cost savings are being sought, but will not be sufficient to fully counter the revenue decline.

27. 9(2)(b)(ii) and 9(2)(j)

28. An increase in borrowing will require approval from the Secretary of Education and the ability to alter or increase the number of performance covenants and borrowing conditions. Without the increase in borrowing limit, WelTec may be facing a cash flow shortfall, although less than at Whitireia.
29. WelTec has also been affected by the financing decisions for Te Auaha, and contributed \$8.6 million from cash reserves.

The strategic partnership between WelTec and Whitireia means that we cannot consider the performance of one in isolation from the other

31. The two institutions are increasingly involved in joint ventures across a range of activities. These include:
- sale of Computer Power Plus, a PTE (private training establishment) jointly owned by both WelTec and Whitireia is under negotiation;
 - some services are shared across both institutions, such as financial and property administration;
 - the Auckland campus is shared by both institutions although the majority of international students are enrolled at Whitireia;
 - Creative Arts for both WelTec and Whitireia is taught out of Te Auaha and both institutions contributed to the cost of the fit-out; and
 - Health for both institutions is largely taught out of Whitireia while Engineering is based at WelTec; Business and IT are duplicated at both sites, but it is a joint school with one Head of School.
32. A combined Council and joint leadership team means the same reporting and analysis is provided for both institutions. The combined Council should be expected to apply a similar level of scrutiny to considering financial, organisational, and strategic issues for both institutions. Any short-comings in that scrutiny, including a failure to identify and address short-term financial issues, applies to both WelTec and Whitireia.

The combined Council has failed to address the issues at both Whitireia and WelTec

33. In the IFA's view, the combined Council has taken a longer term approach to returning to profitability. It appears that there has not been the focus on cash flow that would be expected given the current financial situation and the context of the overall ITP sector.
34. As it is, no significant analysis of various future options and scenarios is available, which might have enabled council members and the joint leadership team to make timely decisions to adjust to the rapidly changing nature of Whitireia's business and the risks faced by both institutions.
35. I met with the combined Council on 8 August 2018. Their view is that they have faced a 'perfect storm' of circumstances, and that the right decisions were made based on the

information available at the time. I do not share this view. As the IFA advised, the Council has been aware of Whitireia's deteriorating financial performance for at least 18 months, and has used surplus asset sales and bank debt to fund operating losses. It also placed the institution into a difficult cash position through the use of working capital to fund its creative campus fit out, and reacted late in its approach to TEC when other levers ran out.

36. 9(2)(g)(i) [Redacted]

9(2)(b)(ii) and 9(2)(j) [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Options for statutory intervention

43. The full range of escalating interventions available in the ITP sector is set out in Appendix 2 and extend from asking for information, through to the dissolution of the combined Council and appointment of a Commissioner.
44. I have already used one intervention for Whitireia – requiring the combined Council to obtain specialist help and agreeing to the appointment of the IFA. I consider that that the need for Crown financial support at Whitireia means you should make a more significant statutory intervention.
45. A more serious statutory intervention would ensure that the right expertise is in place to guide the institutions through this difficult period and ensure that performance targets are achieved and conditions governing the financial support are met.
46. As Minister, you may resort to statutory intervention if you have reasonable grounds to believe that there is a risk to the operation or long-term viability of an institution, or that the education performance of the students is at risk. The type of statutory intervention available depends on the level of risk identified.
47. Section 195D of the Education Act provides that you may dissolve the council of an institution and appoint a commissioner to act in place of the council if you believe, on reasonable grounds that:
 - an institution is at risk of being unable to pay its debts as they become due in the normal course of business;
 - according to the Gazetted Risk Assessment Criteria for Tertiary Education Institutions, there is a serious level of risk to the operation or long term viability of the institution; and
 - other methods of reducing the risk either have failed or appear likely to fail.
48. Both Whitireia and Weltec are high risk on the TEC’s financial monitoring framework. In addition, Whitireia—
 - is forecast to run out of cash by the end of September, which will put it in danger of being unable to pay wages to staff and meet day-to-day running costs;
 - has falling enrolments; negative enrolment trends in the ITP sector mean that Whitireia’s core operations will continue to be unviable in the longer term unless it right-sizes its business to fit its current student volumes (which takes time); and
 - has breached borrowing covenants repeatedly.
49. WelTec is also forecasting a deficit result in 2018, but is expecting to manage cash-flow requirements through increased debt.

Most interventions would be insufficient in these circumstances

50. Under section 222B of the Education Act, I could require the combined Council to prepare performance improvement plans for both institutions. While performance improvement plans may be helpful, these would not be enough on their own to provide the necessary level of assurance that either WelTec or Whitireia is making sufficient progress.
51. As Minister, you could appoint a Crown Observer under section 195C of the Education Act. A Crown Observer would provide the existing Council with additional support and expertise, but the joint leadership team and combined Council, which has led the institutions into this situation, would retain control.
52. You have power under section 222AG(2) of the Education Act to remove the Chair (or Deputy Chair) of a polytechnic council at any time by written notice, following consultation with the affected party on the proposed dismissal. However, the individuals would remain members of the Council, having been dismissed only from the office of Chair or Deputy Chair. This option is not appropriate as the issues at Whitireia cannot be attributed solely to an individual council member, but rather as the collective responsibility of the combined Council.
53. Similarly, appointing a Crown Manager under section 222C of the Education Act would not go far enough. A Crown Manager could assume all or most of the powers of the Council, but the Council would remain in place and retain any functions not given to the Crown Manager. This option does not address the confidence and perception issues relating to the Council more broadly.
54. Dissolving the combined Council, establishing two new councils, and then appointing a Commissioner to Whitireia (and allowing the current Council to continue at WelTec) is unlikely to solve the issues faced by both institutions. The strategic partnership and joint leadership team mean that the performance, reputation and management of both institutions are intrinsically linked, and a separate governance structure is unlikely to be successful.

Dissolving the combined Council and appointing a Commissioner is the only option to fully address the challenges

55. Dissolving the combined Council and appointing a Commissioner is the most serious intervention available to you, but is the only option I consider adequate in this situation. The governance arrangements must provide you, as Minister, with confidence that the Crown's financial support will be properly applied and accounted for. Dissolving the combined Council would enable appointment of an independent person as Commissioner with the ability to make the difficult decisions necessary for the future of both institutions.
56. Appointing a Commissioner requires that other methods of reducing the risk have either failed or are likely to fail. This is often a difficult test to meet, especially in the circumstances that other interventions have not been tried. However, our analysis suggests that other interventions will not be effective, and lower levels of interventions have not been, or would not be, effective enough.
57. While a full merger has not taken place, Whitireia and WelTec's operations are very closely linked. Replacing the combined council with a commissioner to run both organisations makes more sense. Separate councils, or a commissioner at Whitireia and a council at WelTec risks dysfunctionality as a combined leadership team would need

to report to two separate bodies, which may have conflicting priorities. A single commissioner can act in the best interest of both institutions, in line with their existing strategic partnership.

58. A Commissioner would also give the Crown increased oversight of the situation and provide a higher level of transparency for you, the TEC, and all levels of the organisation. It would signal that you are taking serious action in response to serious financial issues. The person appointed as Commissioner could also work with the ITPs and the TEC through the ITP Roadmap 2020 Project.
59. In addition, the Commissioner would be in a position to strengthen the joint initiatives underway across WelTec and Whitireia and accelerate a merger if need be.

Next steps

Statutory intervention requires formal consultation, which I can undertake on your behalf

60. If you form the preliminary view that a Commissioner is needed, you are required to consult on the possible need to dissolve the WelTec Whitireia combined Council and appoint a Commissioner. This is a statutory requirement. As with Unitec, I can undertake this consultation on your behalf. This paper seeks your agreement to delegate responsibility for undertaking this initial consultation to me, as Chief Executive of the TEC.
61. If you agree, I will work with your office on a consultation and communications plan before beginning the consultation process.
62. Given the serious nature of issues at Whitireia, I would progress this as quickly as possible. ^{9(2)(h)}

63. The complexity of the governance arrangements means it is likely that more time will be required than at Unitec and it may take longer than two or three weeks to complete the initial consultation process.
64. After considering consultation feedback, if you decide to proceed with dissolving the combined Council and appointing a Commissioner, the statutory requirement means you would need to give the combined Council formal notice of your preliminary decision and a period of not less than 21 days to respond. The TEC will provide a draft notice at the appropriate time, if you decide to proceed.
65. Any final decision, subject to consultation and any response from the combined Council, is made by formal notice to the combined Council. The notice must be published in the Gazette, and presented to the House as soon as practicable after it has been given. In the event that it is required, the TEC would also prepare a Gazette notice for you.

This work is occurring in the context of the ITP Roadmap 2020 project

66. The TEC is continuing to work with WelTec and Whitireia and the rest of the sector on the options for change in the ITP sector. As you are aware, we will be reporting back to you in September with proposals. WelTec Whitireia's present situation is another clear illustration that significant change is needed in the sector.

Appendix One: Risk Assessment Criteria: Whitireia and Weltec

Risk assessment criteria	Whitireia	Weltec
Organisational		
The council has not fulfilled, and continues not to fulfil, its statutory functions and duties under the Education Act 1989.	`Yes – has failed “to ensure that the institution operates in a financially responsible manner that ensures the efficient use of resources and maintains the institution’s long-term viability” (181(e) Education Act).	Yes – by association, the combined Council has failed “to ensure that the institution operates in a financially responsible manner that ensures the efficient use of resources and maintains the institution’s long-term viability” (181(e) Education Act).
The council has failed, and continues to fail, to ensure the institution maintains adequate systems and processes for effective planning, and for the effective management of the financial and educational performance and infrastructure of the institution.	Yes – lack of effective financial management is evidenced by forecast inability to pay bills in September 2018; remediation steps taken so far are inadequate to remedy this situation.	Yes – lack of short term financial management focus. A need to increase in borrowing limits to cover the liquidity position in 2018 indicates that the remedial steps are inadequate.
	June financial update to the combined Council shows cost savings have not yet eventuated; with an explanation that this is in response to WelTec being at risk of unsustainability. IFA’s assessment is that the combined Council is not focusing on these immediate issues..	
The council has failed, and continues to fail, to meet a material obligation under the Education Act 1989, Crown Entities Act 2004 or Public Finance Act 1989.	Yes – evidenced by the above	Yes – evidenced by the above
Financial		
The institution is, or is at risk of being, unable to pay its debts as they become due in the normal course of business.	Yes – Crown support required to cover cash flow for remainder of 2018. Anticipated land sales expected will not materially change the financial situation.	Yes – at risk Crown support not required – but cash is low with borrowing being used to fund cash flow and an increased credit limit being sought.

The institution has breached any of the conditions set by the Secretary for Education in a borrowing consent under section 192(7) of the Education Act 1989, and the breach has not been remedied.	Yes – breached in 2016 and 2017. Temporary waiver for 2016 breaches from Secretary received. 2017 breach has been acknowledged and is yet to be addressed.	Yes – breached in 2016. Temporary waiver for breach received from Secretary of Education and is expected to breach in 2018. WelTec is seeking an increase in borrowing limits in 2018, which will require a new consent and new borrowing conditions.
The institution is in default under any loan or other facility agreement with a bank or other commercial lender, or the Crown, and the default has not been remedied.	No. ANZ loan exists and expected to be extended for two years.	No
The institution has an overall rating of Moderate Risk or High Risk in the most recent financial performance assessment carried out under the FMF operated by the TEC from 1 January 2010. The overall financial performance assessment under the FMF covers the dimensions of the shorter-term financial viability and longer-term sustainability of an institution.	Yes – FMF based on 2017 data specifies an overall rating of High Risk.	Yes – FMF based on 2017 data specifies an overall rating of High Risk.
The institution has a rating of Moderate Risk or High Risk under the financial viability criteria in its most recent financial performance assessment carried out under the FMF operated by the TEC from 1 January 2010. The financial viability criteria under the FMF focus on the shorter-term financial performance of the institution.	Yes – FMF based on 2017 data specifies a High Risk rating for viability.	Yes – FMF based on 2017 data specifies a High Risk rating for viability.
<i>Educational</i>		
The polytechnic has failed to meet the educational performance commitments in the investment plan agreed by the TEC.	Not to extent required to result in intervention.	Not to extent required to result in intervention.
The external evaluation and review of the polytechnic carried out under the auspices of the New Zealand Qualifications Authority has resulted in an assessment of educational performance that is “not yet confident” or “not confident”.	No	No

Threshold for Crown Manager or Commissioner triggered		
<p>“...there is a serious risk to the operation or long-term viability of the institution” (sections 195D (Crown commissioner), and 222C (Crown manager).</p>	<p>Yes – combination of the above shows that both the operations and long term viability are at serious risk</p>	<p>Yes – combination of the above shows that both the operations and long term viability are at serious risk</p> <p>Other options would be likely to fail given the combined Council and joint leadership team; the same governance deficits affect both institutions.</p>

Appendix Two: Interventions available

Type of action	Responsibility	Legal authority	Timeframe	Outcomes	Comment
Institutions to provide information if required	Chief Executive of the TEC	s195B Education Act 1989	Formal written notice must be given to the Council. Immediate	Polytechnic must supply the information requested.	Information is being supplied without having to invoke this provision. Will be invoked if need be.
Requirement for the Polytechnic to seek specialist help	Chief Executive of the TEC	s222A	Formal notice must be provided. Polytechnic must act to obtain specialist help as soon as practicable.	Combined council has had additional support provided in the form of an Independent Financial Adviser.	The appointment of an Independent Financial Advisor (IFA) was agreed by myself and the Chair of the combined Council to help assess and address financial issues at Whitireia.
Performance Improvement Plan	Chief Executive of the TEC	s222B	Formal notice.	Relates to educational outcomes.	This may be required once the full review has been completed by the IFA and in conjunction with any other interventions.
Appointment of Crown Observer	Minister	s195C	Minister is required to formally consult with the Council, and consider their views before appointing an Observer.	Crown Observer attends Council meetings, provide advice to the Council, and report to the Minister on any matters raised or discussed at meeting.	Would boost Council resources and expertise. Can help the Council address some of the issues, but unlikely to resolve significant financial issue. Used at Lincoln University – by mutual agreement, rather than under this section of the Act. Would not effectively address issues

Dismissal of Chair and Deputy Chair	Minister	s222AG(2)	Consultation with the person holding office on the proposed dismissal, followed by written notice to the Council. This means that they will remain members of the Council – but would not be in the Chair/Deputy role. New Chair needs to be appointed	Opportunity to have a new Chair and/or Deputy from existing Council members. Willingness of others to step into the role given the current situation would have to be assessed.	Issues also cannot be solely attributed to an individual. Council as a whole is responsible, and the Chair has been in place for only one year. Limited effectiveness
Appointment of a Crown Manager	Minister	s222C	Written notice to the Council – including, name, date of appointment, the functions of the Crown manager, and the matters on which the Crown Manager will provide advice to the Council. Council given time to respond, and the Minister must consider the response. Less time to go through the process than a Commissioner.	Effectively leaves the Council in place – but limits the functions they are responsible for, with the remainder becoming the responsibility of the Crown Manager. CE would remain in place to assist the Crown Manager.	Useful. But given there are both, immediate financial, and future delivery issues – most functions would effectively go to the Crown Manager. A more difficult job for the Crown Manager than a Commissioner role, as they would be operating within the existing governance arrangements. Reaction of Council is untested. Could be a possible solution depending on the functions assigned to the Crown Manager. Limited effectiveness
Dismissal of the Council and appointment of a Commissioner	Minister	s195D	Two phase process. Minister is required to formally consult with the Council, and other interested parties. Then formal notice to the Council, with the Council having a period of not less than 21 days to respond. Minister must consider Council views before finally making a decision. Process could be accelerated with the assistance of the Council and management – although still needs to be thorough.	Commissioner takes over governance – able to make quicker decisions on key matters – financial, educational, and the long term future of the institutions. An Advisory Committee would be appointed – could include some current Council members and other stakeholders /experts.	Useful. Can address all issues, including longer term focus. Longer process to appoint. Perhaps more public concern. Will lose good Council members, possibly unfairly reflecting on their reputations. Effective (recommended option)