



Ref: OI-19-00508

Level 9, 44 The Terrace

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8 May 2019

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9(2)(a)

www.tec.govt.nz

Dear 9(2)(a)

Thank you for your request, received on 7 April 2019, for the following information under the Official Information Act 1982 (the Act):

Targets agreed to with The Tertiary Education Commission. In relation to the letter dated 4 March from the Minister of Education, Hon Chris Hipkins to Commissioner, Neil Barns, of Weltec.

I am releasing two document to you in full. These documents are listed in the table below:

Item number:	Document title:
1	<i>Required actions and targets Whitireia and WelTec</i>
2	<i>Cost Saving Plan: Whitireia Community Polytechnic and Wellington Institute of Technology</i>

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

The TEC intends to publish its response to this request on our website with your personal details removed. Consistent with the Act, we are publishing responses in the interests of transparency and accountability, and to improve access to official information.

Yours sincerely

John Soulis
Acting Chief Executive
Tertiary Education Commission



Required Actions

- Agree with the TEC a new financial base case forecast for 2020
- Present Plan in January 2019 for delivery of cost savings to achieve total expenditure targeted in 2020 base case
- Following a Ministerial Decision to consult on the merger, present a plan for community consultation that supports establishment of a new strategic framework
- Implementation and report on enhanced financial management controls
- Enhance HR and financial processes to improve the quality of information and analysis
- Adopt space utilisation and management plan by 30 June 2019; Assessment of space utilisation; Improvement plan for space utilisation

Merger

- Submission of business case for merger in a timeframe that allows for the Minister to consult upon, and decide upon, the merger in 2019
- Successful transition of staff from Whitireia and WandW to the Wellington Institute of Technology on merger date
- Demonstrate delivery of financial savings planned from the merger
- Prepare a single mix of provision effective from 2020
- Establish a new strategic framework
- Deliver a new investment plan for 2020

Revise academic portfolio

- By 21/12/18 establish an initial list of programmes to be considered for discontinuation; this list will be supplemented by enrolment information in mid-end January 2019
- Enrolment committee, and HR change processes, to action the discontinuation of low value provision
- By 1 May 2019 complete assessment and recommendations for 2020 academic portfolio, incorporating the following:
 1. Contribution per EFTS
 2. Average programme contribution rate
 3. Utilisation of space
 4. Student teacher tutorial ratios for each programme
 5. Number of duplicate and low performing programmes

Performance Targets

Key Financial Performance Target Areas

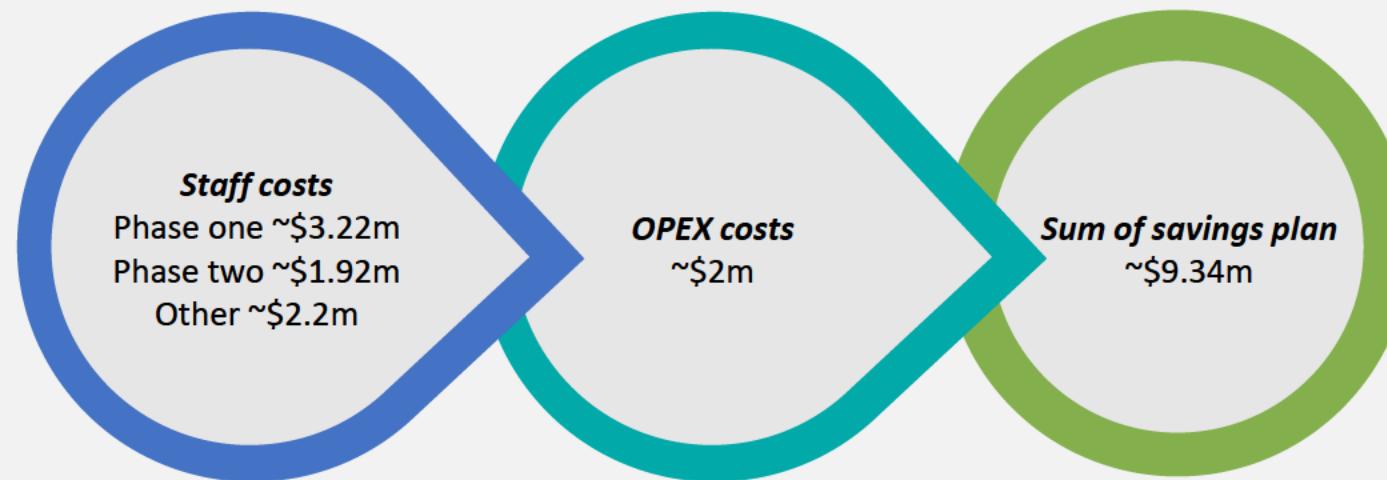
- Operating Surplus/(Deficit), Forecast Operating Surplus/(Deficit), Surplus/(Deficit): Revenue %
- Cash position, Forecast Cash position, Net Cash Flow from Operations
- Capex, Forecast Capex, Capex : Depreciation
- Debt, Forecast Debt, Debt equity ratio
- A breakdown of expenditure funded by the Capital Injection

Cost Savings targets

- **2019 Phase 1:** Target \$1.9m of savings in 2019 from:
 - \$0.6m in vacancy management, phased at \$50,000 per month for 12 months'
 - \$0.6m in reduced operational expenditure, phased as \$100,000 per month for the first six months of 2019;
 - \$0.7m in strategic people savings – phased as \$100,000 per month for the last seven months of 2019.
- **2019 Phase 2:** Target \$4.6m of savings in 2019 from resizing the staffing base for 2020 through a change programme scheduled to go to consultation by the end of July 2019:
 - Academic staff - target student teacher ratios, remove duplication;
 - General staff – target a to a 1.2:1 ratio teaching to teaching support.

Cost Saving Plan: Whitireia Community Polytechnic and Wellington Institute of Technology

Savings will be made through reducing staff costs and OPEX. ~\$9.34 million in costs across Whitireia and WelTec will be removed by the end of 2019.



A Cost Saving Plan is a Required Action under the Whitireia Community Polytechnic Capital Injection Agreement to support the delivery of a break-even financial result in 2020