



## Event backgrounder: Attendance at ROVE consultation at SIT in Invercargill on Friday 1 March 2019

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<b>To:</b>	Hon Chris Hipkins, Minister of Education
<b>From:</b>	Deirdre Marshall, Acting DCE Delivery, Delivery Directorate
<b>Date:</b>	22 February 2019
<b>Reference:</b>	E/19/00141

### Purpose

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1. You are visiting the Southern Institute of Technology (SIT) to discuss the Reform of Vocational Education (ROVE) on Friday 1 March 2019 from 10.30am – 12.30pm. Council, staff and senior stakeholders from the region are likely to attend. You have also been invited to a staff/student drop in session and/or community event from 5pm – 7pm.
2. General information about SIT 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.
3. SIT 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 SIT's Student Achievement Component (SAC) and Youth Guarantee (YG) funding compared with delivery for 2018 is included in Appendix 2.
4. Biographies of the Council Chair and Chief Executive of SIT are attached as Appendix 3.
5. SIT's funding for 2019 is included in Appendix 4.
6. We recommend that this backgrounder is proactively released.

### ROVE consultation at SIT

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7. Stakeholder mapping information for the ROVE consultation at SIT is included as Appendix 5.
8. SIT is concerned about a potential loss of regional responsiveness and autonomy if the ROVE proposal to replace ITPs with the single entity (provisionally named) "New Zealand Institute of Skills and Technology" is to proceed.
9. As you are aware, SIT and a range of stakeholders in the wider Southland community have recently aired their concerns through the media, following the launch of the ROVE consultation period.
10. It is likely that at least some of the following issues will be raised by SIT and/or Southland stakeholders during the 1 March ROVE consultation:
  - How a centralised, single entity will be better placed to respond to regional or specialised demands than a regionally-based provider.

- The impact on SIT's fees free policy and accommodation bursary.
- SIT's recent role in filling gaps left by other providers exiting the market (especially taking over Tai Poutini Polytechnic's MAINZ provision and some Taratahi Agricultural Training Centre delivery).
- Continuation of SIT branded sponsorships of sports and cultural activities.
- The ability for SIT to source international students to study in Southland.
- Distance delivery through SIT's SIT2LRN initiative. This fully online delivery is primarily to part-time learners over the age of 20 who come to tertiary study after a break of several years from high school.
- The fate of the financial reserves (circa \$36 million) and assets accumulated by SIT.

## **SIT and fees free**

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11. In response to the challenge of keeping young people in the Southland region, SIT has provided a Zero Fees scheme since 2001. The scheme is available for most TEC-funded qualifications, and applies to the base tuition fee for each programme of study. The Zero Fees initiative has been a successful model for SIT (<https://www.sit.ac.nz/Fees-Enrolments/Zero-Fees>).
12. Students can access both the government's Fees Free initiative and SIT's Zero Fees scheme during their course of study, although not at the same time.
13. In response to the introduction of the Fees Free initiative, SIT is seeking to maintain student numbers through offering 'accommodation support' as a bursary to students studying at SIT. The "Mayor Tim Shadbolt" bursary is offered to students who meet the government fees free policy *and* SIT's free fee policy. It also has strict ongoing conditions attached to it, and will be withdrawn if attendance or progression is not satisfactory.
14. The bursary is offered in Invercargill only (not any other SIT delivery sites), with the rationale being to support students in the city (<https://www.sit.ac.nz/Accommodation-Bursary>).

## **SIT and Taratahi Agricultural Training Centre**

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15. Following the liquidation of Taratahi Agricultural Training Centre (Taratahi), SIT and the liquidators have agreed a deal that will see SIT take over the assets and 20 staff on the Telford campus in Balclutha. SIT has also been accredited to deliver ex-Taratahi programmes as part of the arrangement.
16. The Government has provided SIT with \$1.8 million to help fund the transition through until the end of 2019. SIT is also picking up some of Taratahi's distance delivery.
17. SIT delivery to 55 enrolled learners began from the Balclutha site on 18 February 2019.

## **SIT and Tai Poutini Polytechnic**

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18. Subsequent to Tai Poutini Polytechnic (TPP) receiving a Category 4 External Evaluation and Review (EER) rating from the New Zealand Qualifications Authority (NZQA), SIT, (as a high-

quality provider), took on the role of pre-moderating TPP's assessments and verifying its students' results.

19. SIT also inherited MAINZ branded audio engineering-related provision from TPP in Christchurch and Auckland. In late 2018 some learners raised concerns in the media about SIT's proposal to not offer the MAINZ audio engineering degree in Christchurch in 2019. In response SIT negotiated NZQA approval for distance delivery of the degree. This allowed those Christchurch learners who were currently enrolled in the qualification the opportunity to remain in the city in 2019 to complete their studies.

## **SIT's International Students**

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20. SIT has a long history of welcoming International Students to Invercargill. The presence of international students is considered an important part of the city's goal to be a dynamic, vibrant place to live.
21. Indicative data show that SIT hosted 1,653 full-fee paying international students in 2018 (comprising 964 EFTS), and 1592 students (comprising 933 EFTS) in 2017. Around 75% of the 2018 students identify as of Asian descent.
22. SIT has a strong pastoral approach to international students, and has built a large amount of accommodation to house them on their arrival in Invercargill. If they choose, students can live in the accommodation for the first six months of their time at SIT, which gives them a chance to understand life in New Zealand, and get to grips with the Southland climate.
23. Over the last few years, SIT has worked to diversify the source countries for international students. It has initiated small but successful partnerships with some European tertiary organisations. They are currently exploring opportunities in Chile, Paraguay, Uruguay and Colombia, as well as progressing a limited partnership into Argentina. A further area of potential growth is community college students from the USA.

## **Other SIT focus areas**

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24. Although SIT's key focus is contributing to the ROVE, the ITP is also focused on several other areas of development at this time:
  - Supporting the Southland Initiative/Economic Regional Development Strategy around improving migrant flow to the region and enhancing opportunities for Southlanders.
  - Keeping its Zero Fees scheme active and relevant.
  - Meeting developing industry and community need with its provision (e.g. Organic Horticulture).
  - Ensuring provision into the Queenstown Lakes area is sustainable and relevant.
  - Ongoing improvement and development of SIT2LRN.
25. SIT's first-year student numbers have dropped in 2018, which they believe may be a result of the Government's 'first year free' fees free scheme encouraging first time learners to leave the Southland region. The initiative may also have provided out-of-region learners who previously might have attended SIT with another fees free option. SIT has developed mitigations to address this (see para 13).

26. SIT, Invercargill City Council and Southland regional employers in general have a strong interest in attracting and retaining migrants to study, work and live in the region. SIT is concerned recent changes to immigration settings around international students will affect the number of students who choose to attend SIT. The issue of international students is of wide interest in the community.

**Deirdre Marshall**

Acting DCE Delivery

Delivery Directorate

Tertiary Education Commission

22 February 2019

**Hon Chris Hipkins**

Minister of Education

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## **Appendix 1: SIT summary sheet (A3)**

(refer accompanying A3)

## TEI PROFILE: Southern Institute of Technology

Chair: Peter Heenan

Chief Executive: Penny Simmonds

**Key narrative:** Southern Institute of Technology (SIT) is a category 2 EER provider servicing the Southland region. Major provision is in management and commerce; health; society and culture; and engineering and related technologies. More than a quarter of all provision is delivered extramurally or by distance learning through SIT's distance learning faculty, SIT2LRN. In response to the challenge of keeping young people in the Southland region, SIT has provided a Zero Fees scheme since 2001.



Delivery sites	
Town/city	All EFTS (2017)
Invercargill	2,795
Extramural	1,353
Christchurch	436
Queenstown	270
Other sites	98
<b>Total</b>	<b>4,952</b>

### Top five qualifications by enrolment

Qualification	All EFTS (2017)
PG Diploma in Business Enterprise	244
Diploma in Occupational Health & Safety (Lvl 6)	221
Certificate in Te Ara Reo Māori	184
NZ Diploma in Business (Lvl 5)	173
Bachelor of Nursing	164

### Delivery by NZQF level (all EFTS) for 2017



### Recent delivery data and demographics

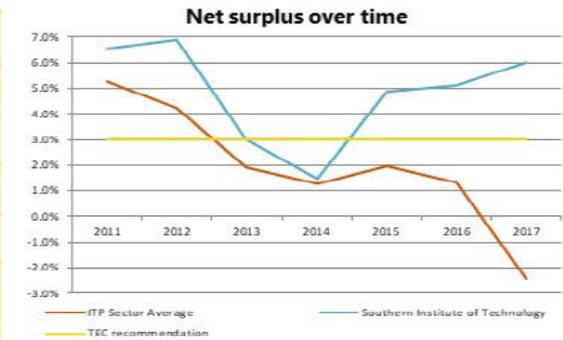
	2015	2016	2017
All EFTS	4,908	5,313	4,952
All learners	13,090	13,462	12,839
% Māori learners	11.0%	11.8%	11.4%
% Pasifika learners	2.9%	3.1%	2.7%
% learners 25 and over	54.8%	55.3%	55.9%
International full-fee delivery:			
EFTS	837	1,085	933
As % of all EFTS	17.1%	20.4%	18.8%

## Financial commentary: s9(2)(b)(ii)

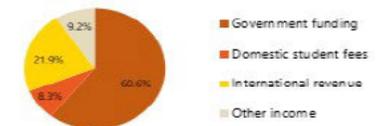
International revenue has supported improving profitability.

Strong growth in

	2015 audited (\$'000)	2016 audited (\$'000)	2017 audited (\$'000)	2016-2017 change
Total Income	40,202	50,582	53,160	↑
Total Government Funding	31,230	31,766	32,235	↑
Total International Income	8,932	8,920	11,655	↑
Total Domestic Fees and Charges	4,147	4,484	4,393	↓
Net surplus before unusual items	2,305	2,576	4,023	↑
Net surplus (before unusual items) ratio	4.9%	5.1%	7.6%	↑
Net surplus after unusual items	2,305	2,576	4,023	↑
Net surplus (after unusual items) ratio	4.9%	5.1%	7.6%	↑
Total Liquid assets	25,214	29,163	31,145	↑
Total Debt	0	0	0	

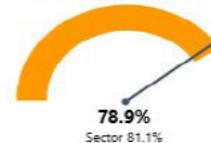


### Funding source for 2017

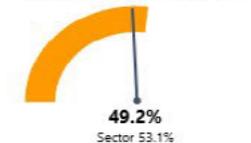


## Educational Performance (Cohort EPIs)

### Course completion



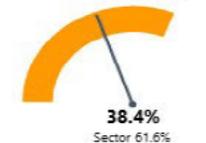
### Qualification completion



### Progression



### Retention



### SIT – 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	80.8%	69.7%	69.5%	78.9%	49.9%	48.2%	34.2%	49.2%	35.7%	45.0%	23.3%
Qualification completion	39.4%	31.6%	33.3%	38.4%	37.0%	37.0%	36.9%	37.0%	39.4%	31.6%	33.3%

### 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%	78.9%	54.4%	49.7%	51.3%	49.2%	32.6%	37.0%	36.9%
Qualification completion	63.8%	53.9%	56.8%	38.4%	37.0%	37.0%	36.9%	37.0%	63.8%	53.9%	56.8%



Data reviewed: 25 May 2018

## Appendix 2: SIT'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
6015	SIT	Student Achievement Component Levels 1 and 2 (Competitive)	\$613,803	\$296,423	(\$317,380)
		Student Achievement Component Levels 1 and 2 (Non-Competitive)	\$1,365,000	\$1,365,814	\$814
		Student Achievement Component Levels 3 and 4 (Competitive)	\$528,547	\$544,983	\$16,436
		Student Achievement Component Levels 3 and above	\$28,817,263	\$26,533,715	(\$2,283,548)
		Youth Guarantee	\$1,131,280	\$1,138,014	\$6,734
		Youth Guarantee (Dual Pathway)	\$284,800	\$51,783	(\$233,017)
<b>6011 Total</b>			<b>\$32,740,693</b>	<b>\$29,930,732</b>	<b>(\$2,809,961)</b>

Total On-plan SAC and YG funding for SIT for 2019 is **\$30,727,164**. This is an increase of \$796,432 (or 2.66%) over SIT's indicative 2018 SAC and YG delivery of \$29,930,732. A fuller breakdown of 2019 funding is outlined in Appendix 4.

## Appendix 3: Biographies of SIT Council Chair and Chief Executive

### Peter Heenan, Chair of SIT Council

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Peter Heenan was appointed as Chair in 2017, following seven years on SIT's Council, where he previously held the role of Deputy Chair.

Peter has a strong background in business and the community. Peter is the Executive Director of Finance for the HW Richardson Group, a trustee of the Southland Hospice Charitable Trust and former chairperson of both the Southland Boys' High School and Netball Southland Boards.

(Ministerial Appointment)

### Penny Simmonds, Chief Executive (CE) of SIT

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Penny is CE of SIT, appointed in 1997. Prior to her appointment as CE, Penny was in a Management position at SIT from 1990 -1997. She is a Board member of New Zealand Institutes of Technology and Polytechnics and Venture Southland; President of Hockey New Zealand; and a director of Southern Lakes English Language College.

Penny is intensively involved in the Invercargill and Southland community – she was named a Companion of the New Zealand Order of Merit in 2015. She is a former Director of Southland Museum and Art Gallery and a former member of the Southland District Health Board. Penny was a recipient of the Woolf Fisher Fellowship in 2000.

## Appendix 4: SIT's funding for 2019

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

<b>On-plan Funds</b> <i>Funding Period: 1 January 2019 - 31 December 2019</i>	<b>2019 Funding (ex GST)</b>
Adult and Community Education (TEIs)	\$78,667.00
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF	\$2,063,821.00
Student Achievement Component – Provision at Level 3 and above on the NZQF	\$27,534,112.00
Youth Guarantee	\$1,129,231.00
Equity total funding	TBC
Equity funding for Māori students	TBC
Equity funding for Pasifika students	TBC
Equity funding for students with disabilities	TBC
<b>Total On-plan Funding</b>	<b>\$30,805,831.00</b>

## Appendix 5: Stakeholder mapping information

Information about the ITP	
Number and location of campuses	<b>Southern Institute of Technology (SIT)</b> Invercargill (has other locations across NZ, including loss making campus in Gore)
Board Chair	Peter Heenan
Board members	Ministerial appointees: <ul style="list-style-type: none"> <li>• Tim Ward Deputy Chair</li> <li>• Jeff Grant</li> <li>• Aimee Kaio</li> </ul> Council appointees: <ul style="list-style-type: none"> <li>• Dean Addie</li> <li>• Peter Jackson</li> <li>• Murray Donald</li> <li>• Janet Copeland</li> </ul>
Chief Executive	Penny Simmonds
Union/s	No specific student union but will be a member of the National Student Union
Student union lead/s	N/A
Affiliated Iwi	<ul style="list-style-type: none"> <li>• Nga Kete Maturanga</li> <li>• Pounamu</li> </ul>
Affiliated community organisations/ industry/ employers	<ul style="list-style-type: none"> <li>• Council</li> <li>• Fontera</li> </ul>
Local media	The Southland Times, Otago Daily Times

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## About this ITP

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