

Event backgrounder: Attendance at ROVE consultation at Otago Polytechnic in Dunedin on Tuesday 5 March 2019

To:	Hon Chris Hipkins, Minister of Education
From:	Gillian Dudgeon, DCE Delivery, Delivery Directorate
Date:	27 February 2019
Reference:	E/19/00217

Purpose

1. You are visiting Otago Polytechnic (OP) to discuss the Reform of Vocational Education (ROVE) on Tuesday 5 March 2019. At the time this paper was written the agenda for the day was not finalised. Your Office will attach a copy of the event's agenda once it has been finalised.
2. General information about OP 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. OP 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 OP'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 OP are attached as Appendix 3.
5. OP's funding for 2019 is included in Appendix 4.
6. We recommend that this backgrounder is proactively released.

ROVE consultation at OP

7. Stakeholder mapping information for the ROVE consultation at OP is included as Appendix 5.
8. OP's Chief Executive Phil Ker has welcomed the ROVE commitment to revamping ITPs' relationships with business, and the proposal for a new unified funding system. However he has expressed strong doubt that one vocational institution will be able to deliver the kind of innovation that OP is renowned for in its local community. This view has largely been echoed by other Dunedin stakeholders including the Mayor, industry and business groups.

9. Mr Ker has informed OP staff that he is implacably opposed to centralising the 16 ITPs into one "New Zealand Institute of Skills and Technology". Yet he also notes that, should this centralisation occur, OP will lobby for the headquarters of the proposed institute to be based in Dunedin.

OP focus areas

10. Although OP's key focus at present is contributing to the ROVE, the ITP is also focused on several other areas of development, including (but not limited to):
- Leading delivery in Micro-credentials, with its Edu-bits offering (<https://edubits.nz>).
 - Managing significant building projects across its Dunedin and Cromwell campuses, to ensure OP can provide the best possible learning environments for students into the future.
 - Close involvement with the Dunedin City Council, the Hospital and Otago University on the city plan and building work that Dunedin is currently progressing.
11. As one of the highest performing ITPs, OP has consistently experienced increasing demand for its higher level delivery. In 2018 for example, its SAC level 3 and above funding allocation was increased twice in-year:
- a. \$379,120 for a collaborative programme to support the delivery of a new *NZ Diploma in Building Surveying*, designed to meet the needs of Councils around New Zealand for qualified building inspectors.
 - b. \$2,455,334 to reflect increased demand from industry and learners in a range of areas, including demand for OP's 'Capable NZ' recognition of prior learning offering (<http://capable.nz>).

s9(2)(a)

Manager Delivery and projects
Delivery Directorate
Tertiary Education Commission
27 February 2018

Hon Chris Hipkins

Minister of Education

___ / ___ / ___

Appendix 1: OP summary sheet (A3)

(refer accompanying A3)

TEI PROFILE: Otago Polytechnic

Chair: Kathy Grant Chief Executive: Phil Ker

Key narrative: Otago Polytechnic is a category 1 EER provider and one of only two ITPs currently on a 3 year Plan. Major provision is in the health professions; applied management; fine arts; design; veterinary nursing and animal care; and IT. Otago Polytechnic recently developed a new micro-credential programme called EduBits, with NZQA including the ITP in a pilot to test and evaluate micro-credentials for New Zealand. In late 2015, Otago Polytechnic acquired Aoraki Polytechnic's Dunedin operation subsequent to its merger with CPIT.

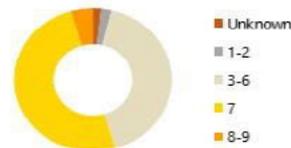


Delivery sites	
Town/city	All EFTS (2017)
Dunedin	3,762
Auckland	927
Extramural	148
Other sites	288
Total	5,125

Top five qualifications by enrolment

Qualification	All EFTS (2017)
Bachelor of Nursing	360
Bachelor of Applied Management	336
Bachelor of Occupational Therapy	300
Graduate Diploma in Applied Management	262
Bachelor of Midwifery	177

Delivery by NZQF level (all EFTS) for 2017



Recent delivery data and demographics

	2015	2016	2017
All EFTS	4,333	4,801	5,125
All learners	7,204	7,771	8,507
% Māori learners	10.6%	10.0%	9.7%
% Pasifika learners	3.6%	3.1%	2.7%
% learners 25 and over	49.2%	48.0%	48.8%
International full-fee delivery:			
EFTS	603	795	1,253
As % of all EFTS	13.9%	16.6%	24.4%

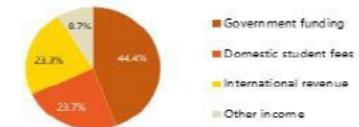
s9(2)(b)(ii)

	2015 audited (\$'000)	2016 audited (\$'000)	2017 audited (\$'000)	2016-2017 Change
Total Income	71,829	78,595	86,820	↑
Total Government Funding	36,411	38,207	38,511	↑
Total International Income	9,329	12,480	20,240	↑
Total Domestic Fees and Charges	19,352	21,191	20,551	↓
Net surplus before unusual items	3,051	3,269	1,437	↓
Net surplus (before unusual items) ratio	4.2%	4.2%	1.7%	↓
Net surplus after unusual items	3,051	3,269	2,909	↓
Net surplus (after unusual items) ratio	4.2%	4.2%	3.4%	↓
Total Liquid assets	3,313	3,030	457	↓
Total Debt	0.0	0.0	9,292	↑

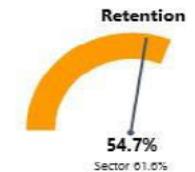
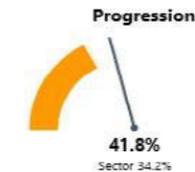
Net surplus over time



Funding source for 2017



Educational Performance (Cohort EPIs)



Otago Polytechnic – Māori and Pasifika EPI rates benchmarked against non-Māori/non-Pasifika, 2017

Non-Māori and non-Pasifika	Māori	Pasifika									
87.7%	78.2%	75.9%	64.5%	57.9%	52.2%	41.2%	42.4%	58.8%	55.7%	50.3%	41.2%

ITP sector – Māori and Pasifika EPI rates benchmarked against non-Māori/non-Pasifika, 2017

Non-Māori and non-Pasifika	Māori	Pasifika									
84.5%	72.2%	72.2%	54.4%	49.7%	51.3%	32.6%	37.0%	36.9%	63.8%	53.9%	56.8%

Appendix 2: OP'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
6013	Otago Polytechnic	Student Achievement Component Levels 1 and 2 (Competitive)	\$206,875	\$133,434	(\$73,441)
		Student Achievement Component Levels 1 and 2 (Non-Competitive)	\$70,003	\$113,117	\$43,114
		Student Achievement Component Levels 3 and 4 (Competitive)	\$789,250	\$748,420	(\$40,830)
		Student Achievement Component Levels 3 and above	\$35,770,133	\$35,584,362	(\$185,771)
6013 Total			\$36,836,261	\$36,579,333	(\$256,928)

Total On-plan SAC funding for OP for 2019 is **\$37,732,564**. This is an increase of \$1,153,231 (or 3.15%) over OP's indicative 2018 SAC delivery of \$36,579,333. A fuller breakdown of 2019 funding is outlined in Appendix 4.

Appendix 3: Biographies of OP Chair and Chief Executive

Kathy Grant, Chair



Kathy Grant was appointed by the Minister of Tertiary Education to chair the Council from 1 May 2010, having previously been a member of the University of Otago Council and chair of the Council of the Dunedin College of Education. Kathy is also a director of Dunedin City Holdings Limited, deputy chair of Sport Otago and a Board member of the Dunedin Sinfonia. In 2015, the Minister of Health appointed Kathy as Commissioner of Southern District Health Board following the disestablishment of the Board. Her "day job" is as a solicitor in the legal practice of Gallaway Cook Allan. Kathy is an Otago person, born and bred and has lived in Dunedin since the 1970's when she was a University student. When not at work, she enjoys the challenge of rural living.

Phil Ker, Chief Executive



Phil Ker took up his appointment as Chief Executive of Otago Polytechnic in 2004. Prior to being appointed as Otago Polytechnic Chief Executive, Phil was Executive Director of Corporate Services at Auckland University of Technology. His long standing interest in business education includes past membership of the New Zealand Qualifications Authority (NZQA) National Advisory Committee for Business Studies and the Business Management Advisory Steering Group.

Phil's qualifications include Management and Leadership in Education, Harvard University, MEd (Administration) - First Class Honours at Massey University, Bachelor of Commerce at the University of Auckland and a Diploma in Teaching from Auckland College of Education. Phil's particular interest is in business education, education for sustainability, staff development generally and leadership development specifically; and in the recognition of prior experiential learning.

Phil's weekends and holidays are spent in his 'second home', the Central Otago town of Cromwell.

Appendix 4: OP's funding for 2019

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

On-plan Funds <i>Funding Period: 1 January 2019 - 31 December 2019</i>	2019 Funding <i>(ex GST)</i>
Adult and Community Education (TEIs)	\$84,463.00
Specialised English for Speakers of Other Languages – Intensive Literacy and Numeracy, Refugee English	\$64,890.00
Specialised English for Speakers of Other Languages – Intensive Literacy and Numeracy, Refugee English – Pastoral Care	\$12,000.00
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF	\$256,180.00
Student Achievement Component – Provision at Level 3 and above on the NZQF	\$37,476,384.00
Youth Guarantee	\$1,249,445.00
Equity total funding	TBC
Equity funding for Māori students	TBC
Equity funding for Pasifika students	TBC
Equity funding for students with disabilities	TBC
Performance-Based Research Fund	\$1,164,861.93
Total On-plan Funding	\$40,308,223.93

Performance-Based Research Fund

The funding under the PBRF comprises the following:

PBRF Component	2019 allocation
Quality Evaluation:	\$873,675.27
<i>Percentage allocated from this component (2019):</i>	<i>0.5043%</i>
Research Degree Completions:	\$239,830.43
<i>Percentage allocated from this component (2019):</i>	<i>0.3045%</i>
External Research Income:	\$51,356.23
<i>Percentage allocated from this component (2019):</i>	<i>0.0815%</i>

Appendix 5: Stakeholder mapping information

Information about the ITP	
Number and location of campuses	Otago Polytechnic Dunedin, Auckland, Cromwell
Board Chair	Kathy Grant
Board members	Ministerial appointees: <ul style="list-style-type: none"> • Mike Horne • Dr Neil Barns • Bill Moram, Deputy Chair Council appointees: <ul style="list-style-type: none"> • Dr Peter Coolbear • Megan Potiki • Paul Allison
Chief Executive	Phil Ker
Union/s	
Student union lead/s	
Affiliated Iwi	<ul style="list-style-type: none"> • Hokonui Runanga • Te Rūnanga o Otākou • Kāti Huirapa Runaka ki Puketeraki • Te Rūnanga o Moeraki
Affiliated community organisations/ industry/ employers	<ul style="list-style-type: none"> • External Pasifika Advisory Committee • Permanent External Advisory Committee
Local media	Otago Daily Times, The Timaru Herald

About this ITP

9(2)(g)(i)

