

Event backgrounder: Ministerial visit to the University of Auckland on Tuesday, 10 September 2019

To:	Hon Chris Hipkins, Minister of Education
From:	Deirdre Marshall, Manager Delivery and Projects, Delivery Directorate
Date:	9 September 2019
Reference:	E-19-01176

Purpose

1. You are scheduled to visit the University of Auckland (UoA) on Tuesday 10 September 2019 from 1.00pm – 2.00pm.
2. You will be meeting with Scott St John, Chancellor; and Professor Stuart McCutcheon, Vice-Chancellor in the Vice Chancellor's office, Clock tower Building, 22 Princess Street, Auckland. The agenda will largely cover UoA's Epsom Campus and teacher education.
3. General 2018 information about UoA is attached as Appendix 1. This A3 summary sheet includes a short narrative; delivery enrolment, site and demographic data; financials; and educational performance indicator (EPI) information.
4. An overview of UoA's current funding for 2019 is attached as Appendix 2.
5. Biographies of the UoA Chancellor and Vice-Chancellor are attached as Appendix 3.
6. We recommend this event backgrounder is proactively released, with some information around current enrolments, finances and UoA's Epsom campus withheld.
7. The Tertiary Education Commission (TEC) consulted with the Ministry of Education on this event backgrounder.

About UoA

8. Founded in 1883, UoA has its main campus in central Auckland, with a range of campuses and research centres across the Auckland region and Tai Tokerau in Whangarei. UoA has over 40,000 students from over 120 different countries, 82% of whom come from outside of Auckland.

9. s9(2)(ba)(i)
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10. s9(2)(ba)(i) [REDACTED]
11. In the 2018 Performance-Based Research Funding (PBRF) Quality Evaluation, UoA was ranked first in NZ for FTEs awarded an “A” or “B” Quality Category, and third for FTEs awarded a “C” Quality Category. In the “C(NE)” researcher Quality Category, for new and emerging researchers, UoA was also ranked first.
12. s9(2)(ba)(i) [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

UoA’s Epsom campus

13. On 14 June 2012 UoA applied for the transfer of the Crown land that it managed at its city, Grafton and Epsom campuses into its title. The application was assessed as meeting the requirements for transfer under the terms of the Crown Asset Transfer and Disposal Policy (2009/2010). On 5 March 2013 the TEC provided a submission to Joint Ministers (Education and Finance) recommending the transfer of the land and this was agreed by both Ministers on 2 May 2013.
14. The transfer of the Epsom campus took some time due to the complexities associated with the manner in which the land was held by the Crown, heritage issues and the need to provide for various easements.
15. UoA was issued with freehold title to the land it managed at the Epsom Campus on 4 September 2018, subject to various encumbrances on the titles. The transfer of the Epsom site (roughly 11 ha) to UoA ownership was gazetted in July 2018 and titles registered in UoA’s name on September 2018. The encumbrances referred to include the provision for Right of First Refusal (RFR) under Treaty Settlement legislation and the requirement to return 20% of net proceeds to the Crown should the University sell any of the land within five years of transfer. UoA will also require a section 192 consent from the Secretary of Education to dispose of the campus.
16. The TEC is not aware of any major developments planned for Epsom. The Epsom site has been used as a teachers’ training college since 1926; subsequently becoming the Auckland College of Education. The College of Education merged with UoA’s School of Education on 1 September 2004.
17. The Epsom Campus is now the main campus for the Faculty of Education and Social Work. UoA is looking to shift the Faculty of Education and Social Work from Epsom to the City Campus, subject to affordability and other factors. s9(2)(g)(i) [REDACTED]

18. s9(2)(ba)(i)



Teacher education

UoA teacher education delivery

19. SAC funded Education New Zealand Standard Classification of Education (NZSCED) EFTS at UoA have experienced year-on-year declines every year for the last nine years. The university's delivery volume is now around half what it was nine years ago, as reflected in the table below.

Provider Code	7001 UoA
Qual NZSCED	07 - Education
Funding Source	01 - SAC Funding

EFTS Delivered Row Labels	Column Labels									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
L07-08 Degrees & Postgrad	2822	2787	2512	2335	2180	2071	1885	1682	1488	1340
L09-10 Masters & Doctorates	79	80	74	72	62	91	131	163	159	170
Grand Total	2901	2867	2587	2407	2242	2162	2015	1845	1647	1510

20. Although the above table shows an aggregate decline in education NZSCED funded EFTS, recently there has been a slight increase in first year initial teacher education (ITE) enrolments. The UoA Vice-Chancellor has acknowledged this increase, but suggests it is not enough for the university to recover from the low levels of enrolment in previous years.

21. In late 2018 the education faculty confirmed that UoA will reduce its 165 full-time equivalent staff by 16%.

22. s9(2)(ba)(i)

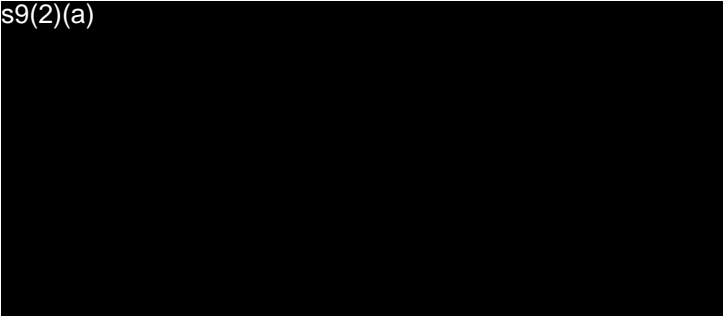


UoA is no longer providing professional learning and development for mainstream education

23. Since the provision of teacher and principal professional learning and development (PLD) was opened up to the free market in 2016, Auckland University's revenue from the provision of centrally funded PLD has declined from \$15.5 million in 2016 to \$4.1 million in 2018.

24. The university reported a financial loss in 2017 and 2018 from running their PLD service. The Dean of Education has stated it is no longer financially sustainable to continue provision of most PLD. Provision of some specialist services for PLD will continue including Māori-medium, Reading Recovery and physical education programmes.
25. The university's withdrawal from most of their PLD provision does not impact the overall availability of PLD on the market. As far as the Ministry of Education is aware PLD specialists move freely between providers.

s9(2)(a)



Manager, Delivery and Projects
Delivery Directorate
Tertiary Education Commission

9 September 2019

Hon Chris Hipkins

Minister of Education

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Appendix 1: Key facts – UoA

TEI PROFILE: University of Auckland

Chancellor: Scott St John **Vice-Chancellor:** Professor Stuart McCutcheon

Key narrative: Auckland is New Zealand's largest university by EFTS and offers a comprehensive range of programmes, with particular strengths in its education, business, science, and engineering faculties and one of New Zealand's two medical schools. Its educational and research performance has been consistently strong.



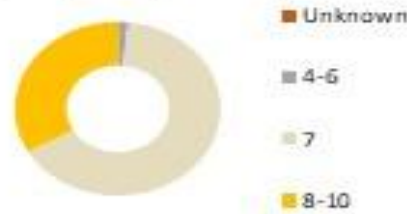
Delivery sites

Town/city	All EFTS (2018)
Auckland City	33,568
Manukau City	163
Northland	123
Total	33,853

Top five qualifications by enrolment

Qualification	All EFTS (2018)
Bachelor of Science	5,364
Bachelor of Commerce	3,694
Bachelor of Arts	3,175
Bachelor of Engineering (Honours)	3,116
Doctor of Philosophy	2,112

Delivery by NZQF level (all EFTS) for 2018



Recent delivery data and demographics

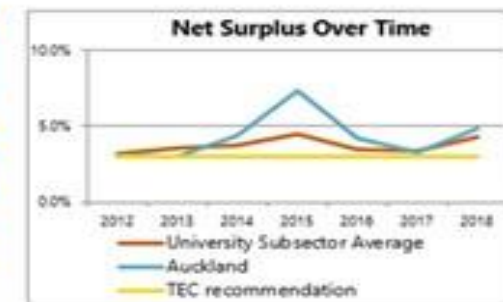
	2016	2017	2018
All EFTS	33,118	33,366	33,853
All learners	42,014	42,436	43,116
% Māori learners	7.7%	7.4%	7.2%
% Pasifika learners	9.7%	9.6%	9.6%
% learners 25 and over	27.8%	27.7%	27.9%
International full-fee delivery:			
EFTS	3,827	4,364	4,849
As % of all EFTS	11.6%	13.1%	14.3%



Financial commentary

Auckland achieved a group surplus of \$80.7 million (6.7%), an improvement of \$12.9 million compared to 2017. These totals include restricted use trusts. The 2018 surplus excluding restricted use trusts was up \$20.5 million on 2017. There was no single driver behind the increase.

Auckland	2015 Audited (\$m)	2016 Audited (\$m)	2017 Audited (\$m)	2018 Audited (\$m)	Change 2017-2018
Total Income	1,087.7	1,092.6	1,146.7	1,202.0	↑
Total Government Funding	416.4	418.6	429.3	474.7	↑
Total International Income	104.2	111.8	128.6	146.0	↑
Total Domestic Fees and Charges	171.5	174.6	177.5	169.1	↓
Net surplus before unusual items	79.5	45.8	38.2	58.7	↑
Net surplus (before unusual items) ratio	7.3%	4.2%	3.3%	4.9%	↑
Net surplus after unusual items	79.1	75.3	67.8	80.7	↑
Net surplus (after unusual items) ratio	7.3%	6.9%	5.9%	6.7%	↑
Net cash flows from operating activities	197.3	213.3	206.0	186.4	↓
Total Liquid assets	66.2	165.6	190.0	118.6	↓
Total Debt including Finance Leases	46.2	4.2	2.4	51.8	↑



Educational Performance (Cohort EPIs)

Course completion



Qualification completion



Retention



UoA – Māori and Pasifika EPI rates benchmarked against non-Māori/non-Pasifika, 2018

	Non-Māori and non-Pasifika	Māori	Pasifika	Non-Māori and non-Pasifika	Māori	Pasifika	Non-Māori and non-Pasifika	Māori	Pasifika	Non-Māori and non-Pasifika	Māori	Pasifika
Course completion	91.0%	85.1%	75.4%	73.1%	59.3%	55.6%	87.2%	91.7%	88.7%	84.4%	78.0%	80.4%

University sector – Māori and Pasifika EPI rates benchmarked against non-Māori/non-Pasifika, 2018

	Non-Māori and non-Pasifika	Māori	Pasifika	Non-Māori and non-Pasifika	Māori	Pasifika	Non-Māori and non-Pasifika	Māori	Pasifika	Non-Māori and non-Pasifika	Māori	Pasifika
Course completion	89.0%	80.3%	72.1%	67.0%	51.7%	49.1%	65.4%	69.6%	89.6%	80.8%	71.5%	73.0%

Appendix 2: UoA's funding for 2019

Final allocation	Amendments	Current approved allocation
\$503,851,911	\$705,721	\$504,557,632

Allocations by fund: 2019

Fund	Indicative allocation	Final allocation	Amendments	Current approved allocation
Totals	\$475,448,552	\$503,851,911	\$705,721	\$504,557,632
Centres of Asia-Pacific Excellence	\$0	\$3,644,000	\$0	\$3,644,000
Centres of Research Excellence	\$0	\$18,204,900	\$0	\$18,204,900
Equity Funding	\$0	\$2,479,996	\$0	\$2,479,996
Fees-free Payments	\$37,240,000	\$37,240,000	\$0	\$37,240,000
ICT Graduate Programmes	\$0	\$0	\$990,000	\$990,000
ICT Graduate Schools (Development and Delivery)	\$0	\$0	\$500,000	\$500,000
Medical Intern Grants	\$6,796,024	\$6,796,024	\$0	\$6,796,024
Performance Based Research Fund	\$94,813,864	\$94,813,864	\$0	\$94,813,864
Student Achievement Component Levels 3 and above	\$336,598,664	\$336,598,664	\$0	\$336,598,664
University-led Innovation	\$0	\$4,074,463	-\$784,280	\$3,290,184

Data sourced on 04/09/19 from Qlik App "My Allocations and Payments" – Summary Base sheet (Allocation year: 2019; TEO: 7001 – University of Auckland).

Appendix 3: Biographies

Chancellor: Scott St John



Scott St John has been a member of the University of Auckland council since 2009 and Chancellor since 2017.

Mr St John's experience in the finance industry is extensive and includes senior roles in Equities. He was the Chief Executive Officer of First NZ Capital Holdings Limited from 2002 to 2017.

His governance experience includes Fisher & Paykel Healthcare, Fonterra Co-Operative Group Limited, Mercury NZ Limited and First NZ Capital Limited. He is the former Chair of the Securities Industry Association and a former member of the Government appointed Capital Markets Development Taskforce and Financial Markets Authority Establishment Board. He is also a director of Next Foundation, Te Awanga Terraces Limited, Hutton Wilson Nominees Limited, Captain Cook Nominees Limited, and First NZ Capital Holdings Limited.

Vice – Chancellor: Professor Stuart McCutcheon



Professor McCutcheon was appointed Vice-Chancellor in January 2005. He is also chair of the University's research commercialisation company, Auckland UniServices Limited.

Professor McCutcheon has served in an advisory capacity to a number of Government agencies and producer boards, and been a director or board member of: the New Zealand Dairy Research Institute; the Wellington Regional Economic Development Trust; the Wellington College of Education; the Malaghan Institute of Medical Research; Universitas 21, U21 Global and the Worldwide Universities Network; The University of Auckland Foundation; the UK and US Friends of The University of Auckland; Auckland Tourism, Events & Economic Development (ATEED); and the King's School Trustees Board.