

Event backgrounder: Ministerial visit to Otago Polytechnic on Thursday, 13 September 2018

To:	Hon Chris Hipkins, Minister of Education
From:	Manager ITP Investment, Operations Directorate
Date:	3 September 2018
Reference:	E/18/00598

Purpose

1. You are scheduled to visit Otago Polytechnic on Thursday 13 September 2018.
2. General information about Otago Polytechnic 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.
3. A biography of the Chief Executive and Council Chair of Otago Polytechnic is included as Appendix 2.
4. Otago Polytechnic's Student Achievement Component (SAC) and Youth Guarantee (YG) funding compared with delivery for 2017 is included in Appendix 3.
5. Otago Polytechnic's funding for 2018 is included in Appendix 4.
6. We recommend that this event backgrounder is proactively released with information about Otago Polytechnic's risk rating on the TEC's financial monitoring framework withheld.

ITP Roadmap

7. The ITP Roadmap 2020 project team is continuing to engage with the ITP sector and other stakeholders to develop the advice we'll provide to you on options for a sustainable future ITP network. Our most recent engagements are:
 - i. Regional engagement visits, which we completed on 24 August
 - ii. Four focus group sessions with Māori and Pasifika stakeholders.
8. On 9 and 10 August we brought together around 30 people from across the ITP sector and wider stakeholders in a co-design workshop to explore and identify a small number of coherent models for the future ITP network. These will be added into TEC's analytical mix for our advice to you in September. We discussed the outcomes of these workshops with you, and how our advice is shaping up, at the ITP Roadmap 2020 strategy session on 28 August.

Regional ITP Roadmap engagement at Otago Polytechnic

9. TEC met with the Otago Polytechnic Council, the senior leadership team, a large group of staff, students and community members at a recent regional ITP Roadmap workshop in Dunedin. Otago Polytechnic leadership are committed to Otago Polytechnic remaining responsive to its community across the Otago region, and to continuing its strong delivery history.

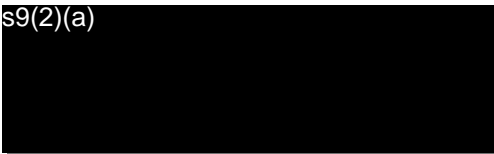
Otago Polytechnic has increasing demand for higher level delivery

10. Otago Polytechnic's SAC 3 and above funding for 2018 has been increased in-year twice:
- a. \$379,120 for delivery of a collaborative programme to support the delivery of a new *NZ Diploma in Building Surveying*, designed to meet the needs of Councils around NZ for qualified building inspectors.
 - b. \$2,455,334 to reflect increased demand from Industry and learners in a range of areas, including demand for Otago Polytechnic's 'Capable NZ' recognition of prior learning offering (<http://capable.nz>).

Otago Polytechnic are strongly committed to delivery innovation

11. Otago Polytechnic are strongly committed to delivery innovation to meet industry and learner needs.
12. Otago Polytechnic is leading delivery in Micro-credentials, with its Edu-bits offering (<https://edubits.nz>).
13. They are also embarking on significant building development projects across their Dunedin and Cromwell campuses, to ensure they can provide the best possible learning environment for their students into the future.
14. Otago Polytechnic's new Student Accommodation, Te Pā Tauira, is purpose built and award winning. It reflects the ITP's approach to providing the best possible environment for its students.

s9(2)(a)



s9(2)(a)



Acting Manager, ITP Investment

Operations Directorate

Tertiary Education Commission

3 September 2018

Hon Chris Hipkins

Minister of Education

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Appendix 1: Otago Polytechnic 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.



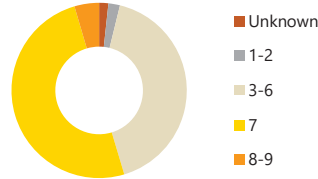
Delivery sites

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



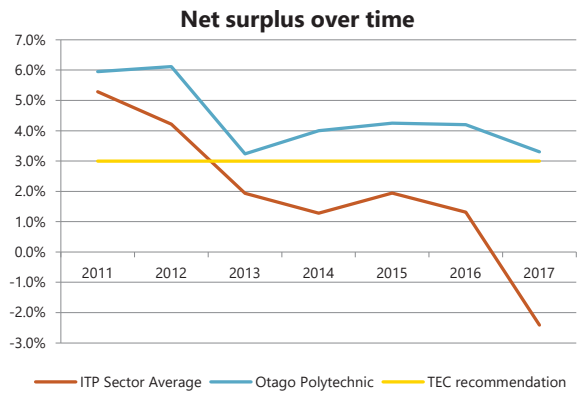
Recent delivery data and demographics

	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%

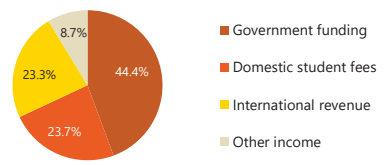
Financial commentary: s9(2)(b)(ii)

the polytechnic is operating within the performance parameters of its borrowing consent.

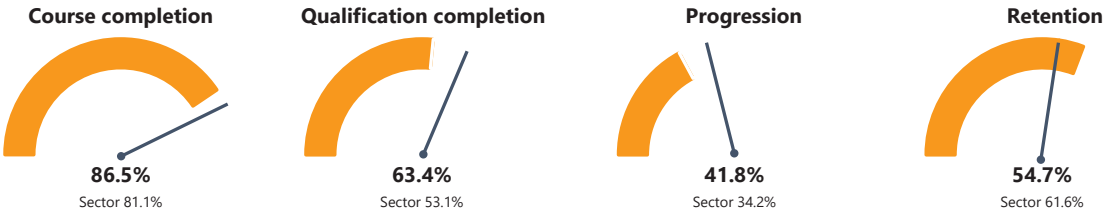
	2015 audited (\$'000)	2016 audited (\$'000)	2017 audited (\$'000)	2016-2017 Change
Total Income	71,829	78,595	86,820	↑
Total Government Funding	36,411	38,207	38,511	↑
Total International Income	9,329	12,480	20,246	↑
Total Domestic Fees and Charges	19,352	21,191	20,551	↓
Net surplus before unusual items	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	↑



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	Non-Māori and non-Pasifika	Māori	Pasifika	Non-Māori and non-Pasifika	Māori	Pasifika	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	Non-Māori and non-Pasifika	Māori	Pasifika	Non-Māori and non-Pasifika	Māori	Pasifika	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: Biography of Otago Polytechnic Chief Executive and Council Chair

<p>Kathy Grant <i>Chair</i></p>	<p>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.</p>	
<p>Phil Ker <i>Chief Executive</i></p>	<p>Phil 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.</p> <p>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.</p> <p>Phil’s weekends and holidays are spent in his ‘second home’, the Central Otago town of Cromwell.</p>	

Appendix 3: Otago Polytechnic's SAC and YG funding compared to delivery in 2017

Note: Not all identified under-delivery is subject to recovery, as a recovery threshold applies for some funds.

Edumis	Provider Name	Fund	Values		
			Total 2017 Funding	\$ Delivered	(Under)/Over Delivered Total
6013	Otago Polytechnic	Student Achievement Component Levels 1 and 2 (Competitive)	\$206,875	\$99,997	(\$106,878)
		Student Achievement Component Levels 1 and 2 (Non-competitive)	\$70,000	\$89,250	\$19,250
		Student Achievement Component Levels 3 and 4 (Competitive)	\$789,250	\$703,203	(\$86,047)
		Student Achievement Component Levels 3 and above	\$33,122,558	\$32,888,395	(\$234,163)
		Youth Guarantee	\$1,389,800	\$1,249,445	(\$140,355)
			\$35,578,483	\$35,030,290	(\$548,193)

Appendix 4: Otago Polytechnic's funding for 2018

The table below shows Otago Polytechnic's initial 2018 funding allocation, issued in December 2017.

Otago Polytechnic funding 2018, Initial Allocation

On-plan Funds <i>Funding Period: 1 January 2018 - 31 December 2018</i>	2018 Funding (ex GST)
Adult and Community Education (TEIs) Fund	\$84,463.00
Funding rate for TEIs: \$4,444.44 per EFTS	
Number of EFTS (2018): 19	
Equity Fund Total	\$229,782.00
Amount of funding for Māori students:	\$97,533.08
Amount of funding for Pasifika student:	\$26,028.48
Amount of funding for students with disabilities:	\$106,220.40
Performance-Based Research Fund Total	\$1,147,353.42
Quality Evaluation:	\$873,675.27
<i>Percentage allocated from this component (2018): 0.5043%</i>	
Research Degree Completions:	\$161,316.84
<i>Percentage allocated from this component (2018): 0.2048%</i>	
External Research Income:	\$112,361.31
<i>Percentage allocated from this component (2018): 0.1784%</i>	
Specialised English for Speakers of Other Languages– Intensive Literacy and Numeracy, Refugee English Fund	\$102,520.00
Tuition fee is paid at a dollar per EFTS rate for provision	
Pastoral care is paid at \$400.00 per learner place	
Number of approved places (2018): 40	
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF (Competitive Allocation) Fund	\$206,875.00
Estimated number of EFTS (2018): 25	
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF (Non-competitive Allocation) Fund	\$70,000.00
Estimated number of EFTS (2018): 10	
Student Achievement Component – Provision at Level 3 and above on the NZQF Fund	\$33,309,975.00
Estimated number of EFTS (2018): 3,602	
Student Achievement Component – Provision at Level 3 and above on the NZQF Fund, Levels 3&4 Competitive Pilot	\$789,250.00
Estimated number of EFTS (2018): 77	
Youth Guarantee – Youth Guarantee Provision Fund	\$1,386,191.00
Estimated number of EFTS (2018): 110	
Total On-plan Funding	\$37,326,409.42