

Aide-Memoire: Update on Telford

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| To: | Hon Chris Hipkins, Minister of Education |
| From: | Gillian Dudgeon, Deputy Chief Executive – Delivery, Tertiary Education Commission |
| Date: | 4 April 2022 |
| Reference: | AM-22-00121 |

Purpose

1. This aide-memoire provides you with an update on Southern Institute of Technology Limited's (SIT's) Telford campus.
2. We recommend that you proactively release this aide-memoire.

Background

3. In February 2019, the Government agreed to invest \$1.8 million in Crown funding to assist SIT operate Telford and other distance delivery for 2019. A further \$4.7 million in Crown funding was provided to SIT in August 2019 to operate Telford in 2020 and 2021 and help it establish a viable operating model so that it could be self-sustaining from 2022 onwards.
4. At the end of February 2022, we informed you that \$1.255 million of the Crown's \$6.5 million investment in Telford was not required by SIT, reducing the Government's overall investment to \$5.245 million. You subsequently requested an update on the viability of Telford going forward.

Telford delivery and long-term sustainability

Enrolments were below target in 2021...

5. The December 2021 Single Data Return (SDR) shows that SIT delivered 125 EFTS at Telford in 2021. This was below the budgeted target of 166 EFTS with COVID-19 restrictions having an impact on delivery.
6. A total of 70 EFTS were SAC-funded with 2 EFTS delivered through Trades Academy funding and 53 EFTS (around 500 learners) being funded through Secondary Tertiary Alignment Resource (STAR) funding¹.
7. Over 2021, nearly all SAC-funded delivery was at Levels 3 through to 5 and focussed on the primary sector. However, 14 EFTS were also delivered through the Level 1 New Zealand

¹ STAR provides funding to schools and is designed to support a coherent Vocational Pathways programme by enabling schools to form partnerships with tertiary education providers and employers to provide vocational education and work experience.

Certificate Te Reo Māori. SIT also offered a range of short courses in 2021, both TEC-funded and industry funded. For example, SIT introduced the Wool Clip Grading Training Scheme in 2021 which has proven popular. The short course was designed for experienced wool handlers wanting to improve their wool knowledge and become a registered wool grader. The course combines distance delivery with a two-day block course run at various locations throughout New Zealand.

...with the Telford campus reporting a 9(2)(i)

8. 9(2)(i)

9. As with all tertiary education organisations, COVID-19 had a financial impact on the Telford campus with some courses unable to be run and border closures restricting any international students from arriving.

9(2)(i)

10. 9(2)(i)

11. Information from March 2022 shows that enrolments are up by 24 percent compared to the same time a year ago. The Level 4 New Zealand Certificate in Wool Technology and Classing has shown significant demand with 59 students studying wool for the first semester and another intake planned for the second semester.

12. It is difficult to assess whether SIT will achieve its budgeted figure for Telford based on enrolments to date given it has multiple intakes throughout the year and additional courses are expected to be run later in 2022.

13. At the start of the academic year, 69 of the 104 accommodation rooms were occupied by students. With mid-year intakes planned, this allows future students to also enter accommodation and live on campus.

...9(2)(i)

...and SIT plan to continue to broaden delivery at Telford in 2022...

15. A key part of SIT's strategy to ensure Telford is sustainable is to ensure on-campus delivery is complemented with online, blended, community, and short course offerings (both TEC-funded and industry funded). SIT has already introduced, or is planning to introduce, several new programmes and short courses in 2022, including:

- A Level 2 Te Reo programme with a view to offering the Level 3 programme later in the year.
- A Level 3 Tikanga programme.
- The New Zealand Certificate in Agriculture (Dairy) Level 3, to be delivered in collaboration with Tangaroa Walker and Farm4Life (an online video learning platform).

- Horticulture courses to be delivered in collaboration with the Otago South River Care Group.
- A rural contracting micro-credential.
- Community courses such as chainsaw safety, defensive driving, first aid, and riparian planting.
- Unit standard 4098 (use standards to assess candidate performance) – learners credited with this standard can prepare and conduct assessments, which will assist employers to conduct work-based learning assessments.

16. Combined with the introduction of new programmes, SIT is also seeking to continue to grow enrolments in its existing programmes.

...while a number of other changes have been made by SIT to improve viability

17. Fundamental to the future viability of Telford is to increase enrolments and maintain them at a sustainable level. As outlined above, SIT is implementing a wider range of programmes and short courses to be delivered at Telford to help enrolments reach a level that ensures financial sustainability. However, several other changes have been made, or are planned to be made, that will contribute to its long-term viability. These include:

- Increased marketing (advertising, social media, expos) and improved branding to promote Telford as a provider of quality education for the primary industry sector, especially as a view still exists out in the community that Telford is closed.
- Improved IT infrastructure with full audio video set ups in computer labs and student areas to ensure a better learner experience.
- Improved student accommodation facilities which present a much more welcoming environment for students.
- Increased STAR delivery and school taster camps, including forming better relationships with schools.
- Reduced overhead costs and better coordination of delivery efforts.
- Appointment of a new permanent Head of Faculty for Telford and SIT2LRN in May 2021 and a permanent campus manager appointed in October 2021.
- A complete replacement of the Telford campus vehicle fleet as the previous fleet left at Telford did not meet current expected safety standards.
- The establishment of a Telford academic advisory board with representatives from the Clutha District Council, local veterinarians, wool industry representation, and regional farmers who are ex-Telford students.
- Increased engagement with local community leaders and iwi, which is being supported by the new permanent campus manager.
- Renting out the campus to external organisations for conferences and other events.

18. SIT will also look to attract international students to the campus as border restrictions ease. Prior to COVID-19, SIT had been seeking to attract 20 full-fee international students per annum to Telford to assist with ongoing viability.

Upgrading Telford's infrastructure

19. A large proportion of the Crown's investment in the Telford campus was to address deferred maintenance and seismic issues (noting that SIT has already agreed that \$1.255 million of the overall \$6.5 million requirement will not be required).

20. To date, SIT has completed a range of capital works to upgrade and modernise facilities, both teaching areas and the main hostel block, and to ensure health and safety standards are met. While this work was anticipated to be completed by the end of 2021, a large amount remains outstanding due to delays in gaining approvals from relevant bodies and disruptions caused from COVID-19.
21. Of the capital works funded by the Crown, two major projects remain. The first is the completion of the earthquake strengthening of the Telford Homestead and Stables 9(2)(ba)(i) [REDACTED]. After some delays, Heritage New Zealand has now approved the recommendations to strengthen the Stone House from the floor and SIT has appointed a contractor. This project is expected to be completed by 9(2)(ba)(i) [REDACTED].
22. The other major project is the upgrade of the wastewater system which is non-compliant. This is 9(2)(j) [REDACTED], and a contract was recently awarded. The Otago Regional Council are supportive of this project and have given SIT an extension on running the current system until the new line is in place. SIT report that securing easements from landholders, whose property the pipe will run through, is progressing well. This project is expected to be completed by 9(2)(j) [REDACTED].
23. SIT has also replaced the old, coal-fired boilers at the Telford Campus with more climate-friendly wood chip boilers, assisted by a 50 percent Government subsidy with SIT self-funding the remainder. SIT has also funded a complete reseal of the drive and parking areas throughout the campus.

The Taratahi liquidation continues to impact Telford

24. As you are aware, Taratahi Agricultural Training Centre (Taratahi) remains in liquidation. Taratahi was operating the Telford campus at the time of its liquidation and had signed a long-term, sub-commercial lease with the Telford Farm Board to operate the farm and use it for educational delivery. When Taratahi entered liquidation, the liquidators (Grant Thornton) took over control of the lease. Arrangements were put in place between Grant Thornton, the Telford Farm Board, and SIT, including the sale of many educational assets to SIT, to allow it to deliver education on the Telford campus. However, the liquidators have been running the farm commercially over the past three years to maximise profits.
25. From the liquidator's point of view, they are fulfilling their obligations to ensure they maximise returns for creditors. However, there is a disconnect between how a farm is set up to be operated commercially and how a farm is run to best support educational delivery. This includes the types of animals that are farmed, and when certain activities are undertaken.
26. SIT notes that there is a positive relationship between Grant Thornton and the senior Telford staff. While there are restrictions around what can be accomplished on the farm, there has been good communication between both parties around the relationship between educational delivery and the financial perspectives associated with the running of the farm. 9(2)(j) [REDACTED]
27. 9(2)(j) [REDACTED]

28. 9(2)(j)



SIT has set up Telford well for the future

- 29. SIT has done a good job in making changes at Telford to set it up to be sustainable in future. This has all occurred over a period where COVID-19 has impacted on operations and while Taratahi remains in liquidation. The next few years will be key for Telford to increase and sustain enrolments at a higher level.
- 30. From the end of 2022, SIT will cease to operate as a subsidiary of Te Pūkenga, and Te Pūkenga will be ultimately responsible for the operation and delivery at Telford. How Telford, and hopefully Taratahi, operate in future will be dependent on Te Pūkenga’s new operating model and decisions around regional delivery. Te Pūkenga is currently designing its organisation structure, which includes the creation of Ako Networks that bring together teaching, learner wellbeing, and employer functions. The Ako Networks will be industry and Workforce Development Council aligned including a network for the primary industry. The organisation design will retain regional delivery.
- 31. Over the past two years, SIT staff have worked with Universal College of Learning Limited and Eastern Institute of Technology Limited (EIT) to assist them set up and operate Taratahi on an interim basis. We hope that Telford and Taratahi can collaborate closely in future to deliver skills for the primary industry. EIT is currently leading work to assess how Taratahi can be sustainable in future.
- 32. We will continue to monitor developments at Telford and update you as required.

Handwritten signature of Gillian Dudgeon in blue ink.

Gillian Dudgeon
Deputy Chief Executive – Delivery

4 April 2022

Handwritten signature of Hon Chris Hipkins in blue ink.

Hon Chris Hipkins
Minister of Education
[05](#) / [04](#) / [2022](#)