

Event backgrounder: Ministerial visit to Waikato Institute of Technology on Tuesday, 11 September 2018

To:	Hon Chris Hipkins, Minister of Education
From:	Manager, ITP Investment, Operations Directorate
Date:	7 September 2018
Reference:	E/18/00637

Purpose

1. You are scheduled to visit Waikato Institute of Technology (Wintec) on Tuesday 11 September 2018. The TEC's Chief Executive, Tim Fowler will also be in attendance.
2. General information about Wintec 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. Biographies of the council Chair and Chief Executive of Wintec are attached as Appendix 2. Dave Christiansen, Senior Advisor and Director (International), is acting CE while current CE Mark Flowers is on sick leave until October 2018.
4. Wintec's Student Achievement Component (SAC) and Youth Guarantee (YG) funding compared with delivery for 2017 is included in Appendix 3.
5. Wintec's funding for 2018 is included in Appendix 4.
6. We recommend that this event backgrounder is proactively released with information about Wintec'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 institutes of technology and polytechnics (ITPs) 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 2018
 - ii. Four focus group sessions with Māori and Pasifika stakeholders.
8. On 9 and 10 August 2018 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 2018. 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 2018.

Regional ITP Roadmap engagement at Wintec

9. The Roadmap team visited Wintec on 3 July 2018 and met with Council members, management, staff, students and community stakeholders. Themes from the day included the following:

Wintec's well-developed international strategy. In particular, the way in which it is not only about growing international student numbers (both offshore and onshore), but also about domestic students and staff becoming more culturally and globally competent.

- Pedagogy. Wintec takes a design-centred approach with its staff and students to improve teaching, learning and the student experience.
- Funding constraints. This includes current and potential future issues, for example concerns about how micro-credentials can become an economically viable area to expand into.
- The economic opportunities for the Waikato looking forward, given support and better skills matching. The community emphasised its position in the 'golden triangle' between Auckland and Tauranga.

Current issues


10. At the request of Wintec's council a reinvestigation into allegations against Wintec CE Mark Flowers is being conducted by Queen's Counsel Simon Mount.

11. The reinvestigation of claims first made in 2015 will proceed alongside a separate investigation by the Auditor-General into spending by the CE and his executive teams dating to 2013.

12. Although the 2015 investigation cleared the CE of any wrongdoing, a review in May this year found that the investigation was not sufficiently robust for the Wintec council to have confidence in the investigation report's conclusions. Wintec council subsequently decided to commission a fresh inquiry into the 2015 complaints. This inquiry work is estimated to cost approximately \$100,000, with expectations it will be completed by late November.

13. The audit assurance work on Wintec into matters raised around expenditure and restructuring costs from Audit New Zealand is also nearing its conclusion. The outcome will be advised once received by the Wintec council.

s9(2)(a)



s9(2)(a)

Acting Manager, ITP Investment
Operations Directorate
Tertiary Education Commission

Hon Chris Hipkins
Minister of Education

___ / ___ / ___

7 September 2018

Appendix 1: Wintec summary sheet (A3)

TEI PROFILE: Waikato Institute of Technology

Chair: Barry Harris Chief Executive: Mark Flowers

Key narrative: Waikato Institute of Technology (Wintec) is a category 1 EER provider with a central campus in the heart of Hamilton City. Major provision is in nursing; engineering and related technologies; society and culture; and management and commerce. Wintec is the most active ITP in the international tertiary education arena, delivering a range of qualifications offshore (especially in China and Saudi Arabia). It is also the lead provider of the largest trades academy.

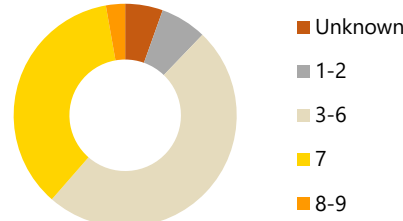


Delivery sites	
Town/city	All EFTS (2017)
Hamilton City	5,987
Extramural	370
Other sites	122
Total	6,479

Top five qualifications by enrolment

Qualification	All EFTS (2017)
Bachelor of Nursing	611
Building & Transport ITO Contracts	501
Bachelor of Media Arts	328
Self-Funded Contract Programmes	235
Bachelor of Applied Management	224

Delivery by NZQF level (all EFTS) for 2017

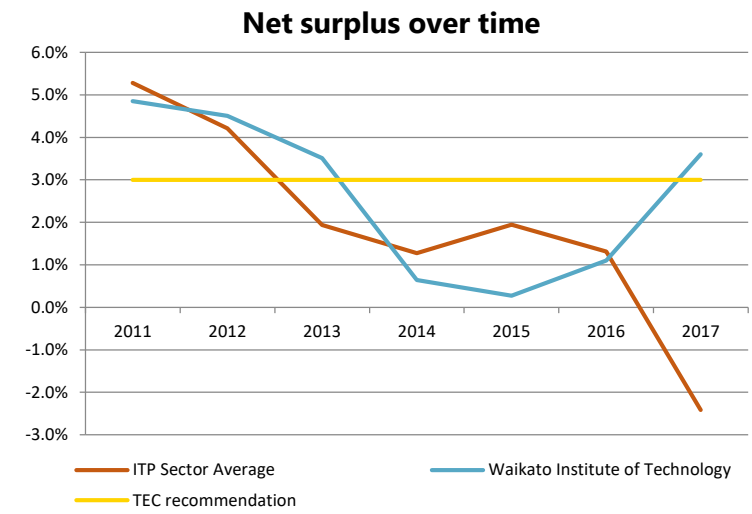


Recent delivery data and demographics

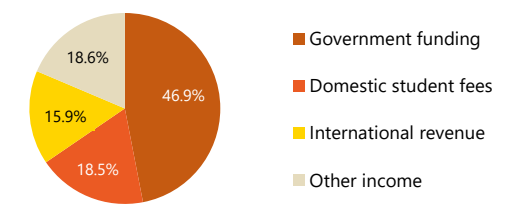
	2015	2016	2017
All EFTS	6,981	6,962	6,479
All learners	23,653	23,375	14,772
% Māori learners	18.2%	18.5%	22.3%
% Pasifika learners	4.6%	4.7%	5.7%
% learners 25 and over	59.4%	60.8%	49.5%
International full-fee delivery:			
EFTS	931	1,009	1,064
As % of all EFTS	13.3%	14.5%	16.4%

Financial commentary: Wintec has recovered to post a reasonable surplus in 2017. Cashflow trough are mana level. s9(2)(b)(ii) ent has also increased Wintec's risk level.

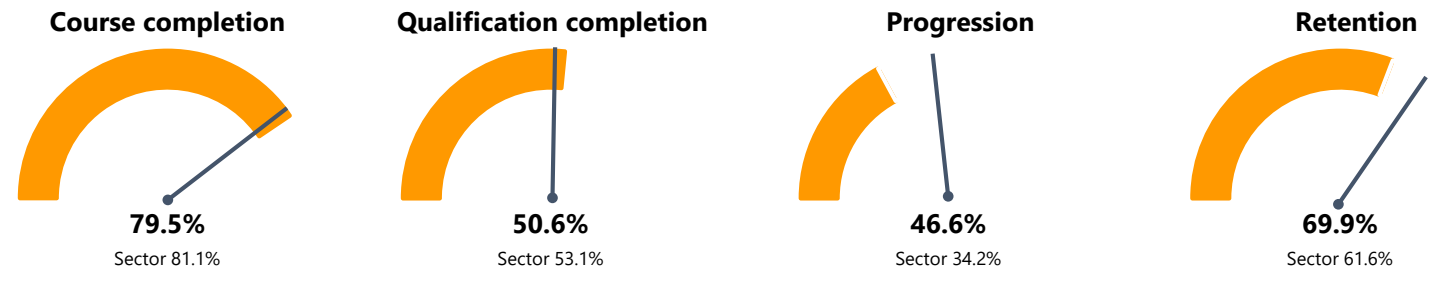
	2015 audited (\$000)	2016 audited (\$000)	2017 audited (\$000)	2016-2017 change
Total Income	94,033	98,677	105,156	↑
Total Government Funding	50,214	52,519	49,367	↓
Total International Income	13,721	15,148	16,751	↑
Total Domestic Fees and Charges	20,873	19,123	19,458	↑
Net surplus before unusual items	257	1,084	1,725	↑
Net surplus (before unusual items) ratio	0.3%	1.1%	1.6%	↑
Net surplus after unusual items	-3,259	3,489	2,228	↓
Net surplus (after unusual items) ratio	(3.5%)	3.5%	2.1%	↓
Total Liquid assets	-2,343	-4,332	-1,826	↑
Total Debt	20,500	12,500	18,336	↑



Funding source for 2017



Educational Performance (Cohort EPIs)



Wintec – 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
82.9%	68.9%	70.4%	54.9%	39.5%	39.1%	47.7%	44.0%	44.7%	73.8%	58.5%	51.4%

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: Biographies of key Wintec people

Barry Harris, Chair of Wintec



Barry Harris is a company director with extensive governance and executive experience. Mr Harris has held a number of CE roles including Environment Waikato, Greater Wellington Regional Council and Hamilton City Council. He was also a senior executive with Fonterra for five years.

He is currently chair of Food Innovation Waikato, Wintec, McFall Fuels and Agricultural Services Ltd; and a director of DairyNZ, Primary ITO, WEL Networks Limited and OSPRI (former Animal Health Board).

Mr Harris is also a member of the Waikato River Authority. Previous boards include CentrePort, RD1, AgResearch, International Nutritionals, Hamilton Riverside Hotels and Local Authority Shared Services. Barry has a Masters of Agricultural Science (Honours) and lives in Hamilton.

Mark Flowers, Chief Executive of Wintec



Mark Flowers was appointed as Chief Executive of Wintec in 2002. Prior to this he was CE of Hawke's Bay District Health Board. He has worked in the health and welfare systems in the United Kingdom, Australia and New Zealand.

He has a Bachelor of Science (Honours) in Physics and Electronics from Manchester, a post graduate diploma in Social Administration from York, an MA from the University of North Wales, and has completed a course in strategic management at Harvard University.

Dave Christiansen, Acting Chief Executive of Wintec



David Christiansen has been at Wintec since 2000. He is currently the Acting Chief Executive. Prior to that he was Senior Advisor to the Chief Executive and the Director, International. He has a wealth of experience in government policy, strategic planning and international and commercial activities. David has worked within the tertiary education sector for 25 years, holding roles both at Wintec (in quality assurance, planning, and strategy), and the University of Waikato (teaching and learning development).

As the Director of International, David is responsible for Wintec's international strategies and oversees all of Wintec's international activity both on- and off-shore including relationships with overseas partner institutions, government officials and agencies, and major off-shore consultancy and joint venture activities.

As the Senior Advisor to the Chief Executive, David provides strategic and policy advice, monitors Wintec's overall progress, leads key projects and liaises with Government and sector bodies such as Tertiary Education Commission (TEC), and Ministry of Education (MoE).

Appendix 3: Wintec'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
6019	Wintec	Student Achievement Component Levels 1 and 2 (Non-competitive)	\$1,129,750	\$1,038,346	(\$91,404)
		Student Achievement Component Levels 3 and 4 (Competitive)	\$1,316,350	\$1,048,423	(\$267,927)
		Student Achievement Component Levels 3 and above	\$36,442,320	\$35,904,903	(\$537,417)
		Youth Guarantee	\$2,647,656	\$1,705,042	(\$942,614)
		Youth Guarantee (Dual Pathway)	\$370,364	\$324,551	(\$45,813)
			\$41,906,440	\$40,021,265	(\$1,885,175)

Appendix 4: Wintec's funding for 2018

On-plan Funds	2018 Funding (ex GST)
<i>Funding Period: 1 January 2018 - 31 December 2018</i>	
Adult and Community Education (TEIs) Fund	\$477,783.00
Funding rate for TEIs: \$4,444.44 per EFTS	
Number of EFTS (2018): 107	
Equity Fund Total	\$311,446.00
Amount of funding for Māori students:	\$159,731.54
Amount of funding for Pasifika student:	\$31,165.39
Amount of funding for students with disabilities:	\$118,089.62
Performance-Based Research Fund Total	\$709,192.58
Quality Evaluation:	\$289,455.06
<i>Percentage allocated from this component (2018): 0.1671%</i>	
Research Degree Completions:	\$338,856.84
<i>Percentage allocated from this component (2018): 0.4303%</i>	
External Research Income:	\$80,880.68
<i>Percentage allocated from this component (2018): 0.1284%</i>	
Specialised English for Speakers of Other Languages – Intensive Literacy and Numeracy, ESOL Fund	\$457,725.00
Funding rate: \$18.75 per hour	
Number of approved hours (2018): 24,412	
Specialised English for Speakers of Other Languages– Intensive Literacy and Numeracy, Refugee English Fund	\$106,400.00
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): 76	
Student Achievement Component – Qualifications at Levels 1 and 2 of the NZQF (Non-competitive Allocation) Fund	\$1,200,000.00
Estimated number of EFTS (2018): 116	
Student Achievement Component – Provision at Level 3 and above on the NZQF Fund	\$36,256,743.00
Estimated number of EFTS (2018): 3,969	
Student Achievement Component – Provision at Level 3 and above on the NZQF Fund, Levels 3&4 Competitive Pilot	\$1,316,350.00
Estimated number of EFTS (2018): 130	
Youth Guarantee – Youth Guarantee Provision Fund	\$1,273,321.00
Estimated number of EFTS (2018): 168	
Total On-plan Funding	\$42,108,960.58