

TRIBAL

TEC

Capital Asset Management Workshop

2016 NZBT+ Results

16th November 2017

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Session outline

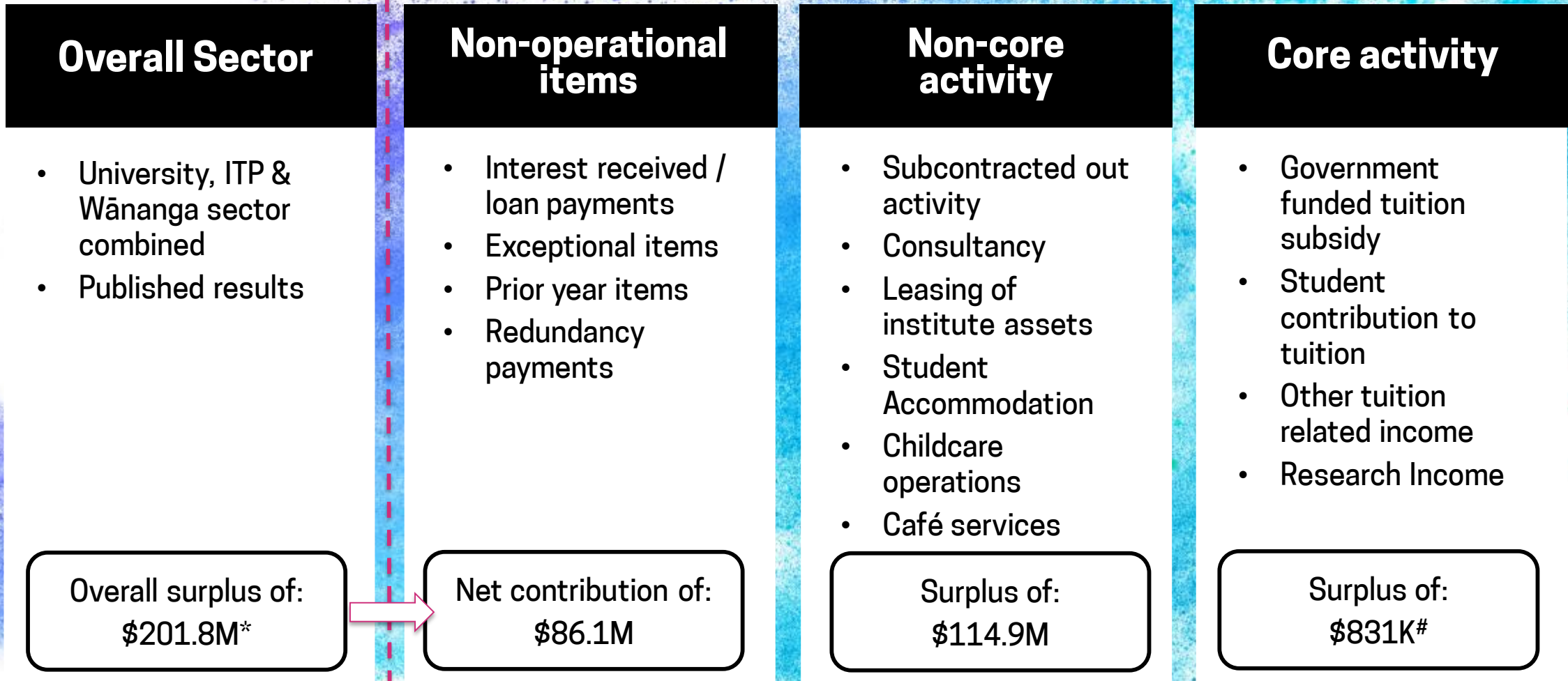
- NZBT Process
- “State of the nation”
- Facilities based costs
- Impact of the capital component
- Comments & Questions

Each TEI provides Tribal with 3 key data-sets:

- P&L account extract down to cost centre/business unit level
 - Payroll data detailing FTE, cost, department and job-title
- EFTS by cost centre, NZSCED, funding source and funding category
AND
- Supporting / contextual data around *facilities*, library, IT and the student cohort.

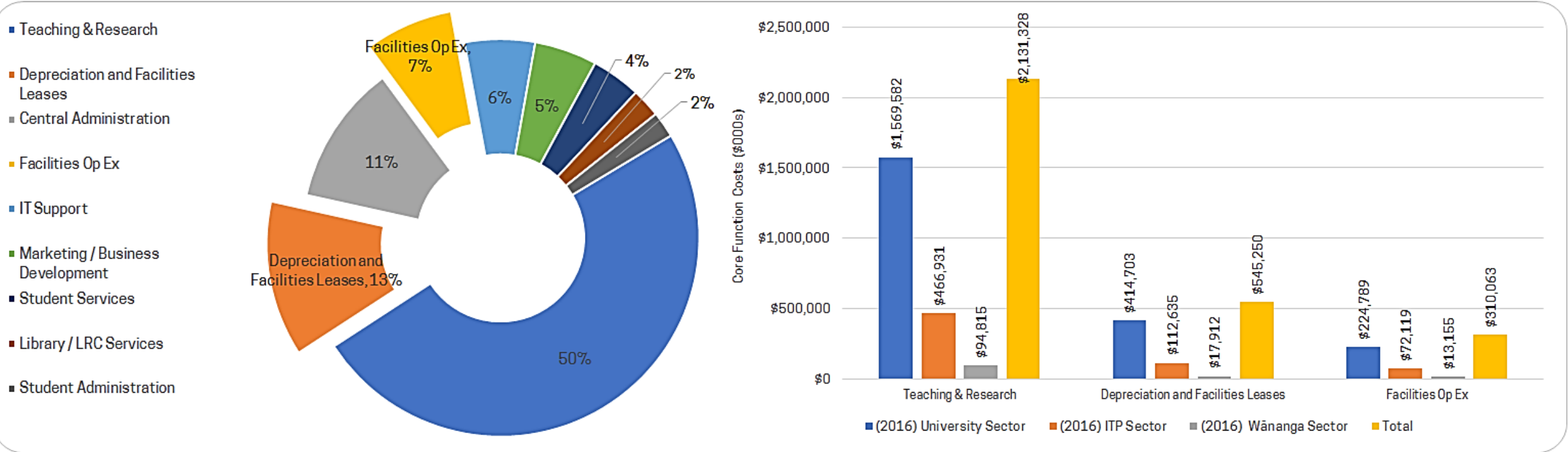
Tribal work with TEI staff to verify, understand and allocate data to the NZBT model in a consistent way

Results show what the equivalent spend or resources would have been in other TEIs for the delivery of the same level of core income as a subject organisation



*3.9% surplus on overall income

#0.02% surplus on core income

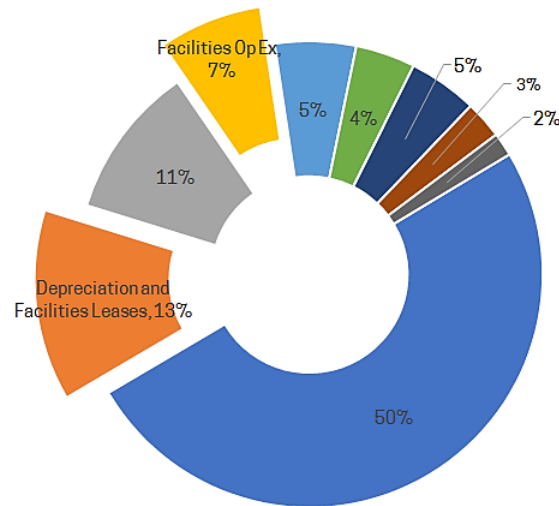


- Outside of teaching, facilities related budgets are the 2nd largest expense across TEIs
- Combined costs of \$855.3M in 2016

Investment profile by sub-sector

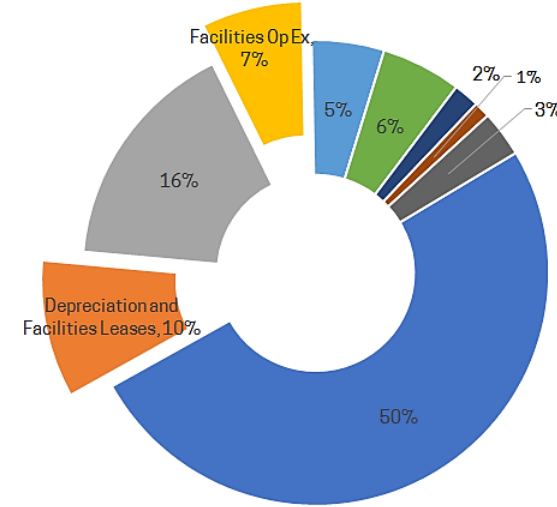
(2016) University Sector

- Teaching & Research
- Depreciation and Facilities Leases
- Central Administration
- Facilities Op Ex
- IT Support
- Marketing / Business Development
- Student Services
- Library / LRC Services
- Student Administration



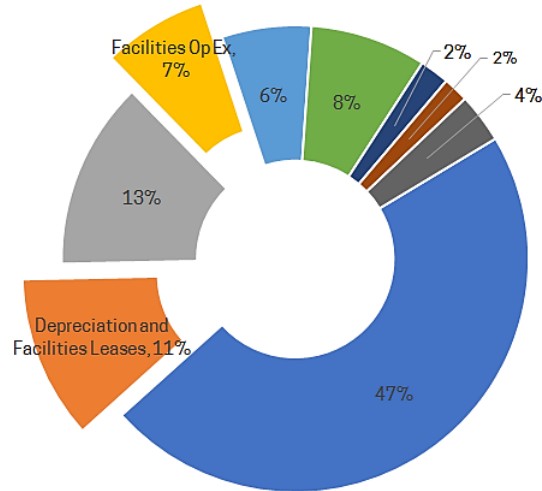
(2016) Wānanga Sector

- Teaching & Research
- Depreciation and Facilities Leases
- Central Administration
- Facilities Op Ex
- IT Support
- Marketing / Business Development
- Student Services
- Library / LRC Services
- Student Administration



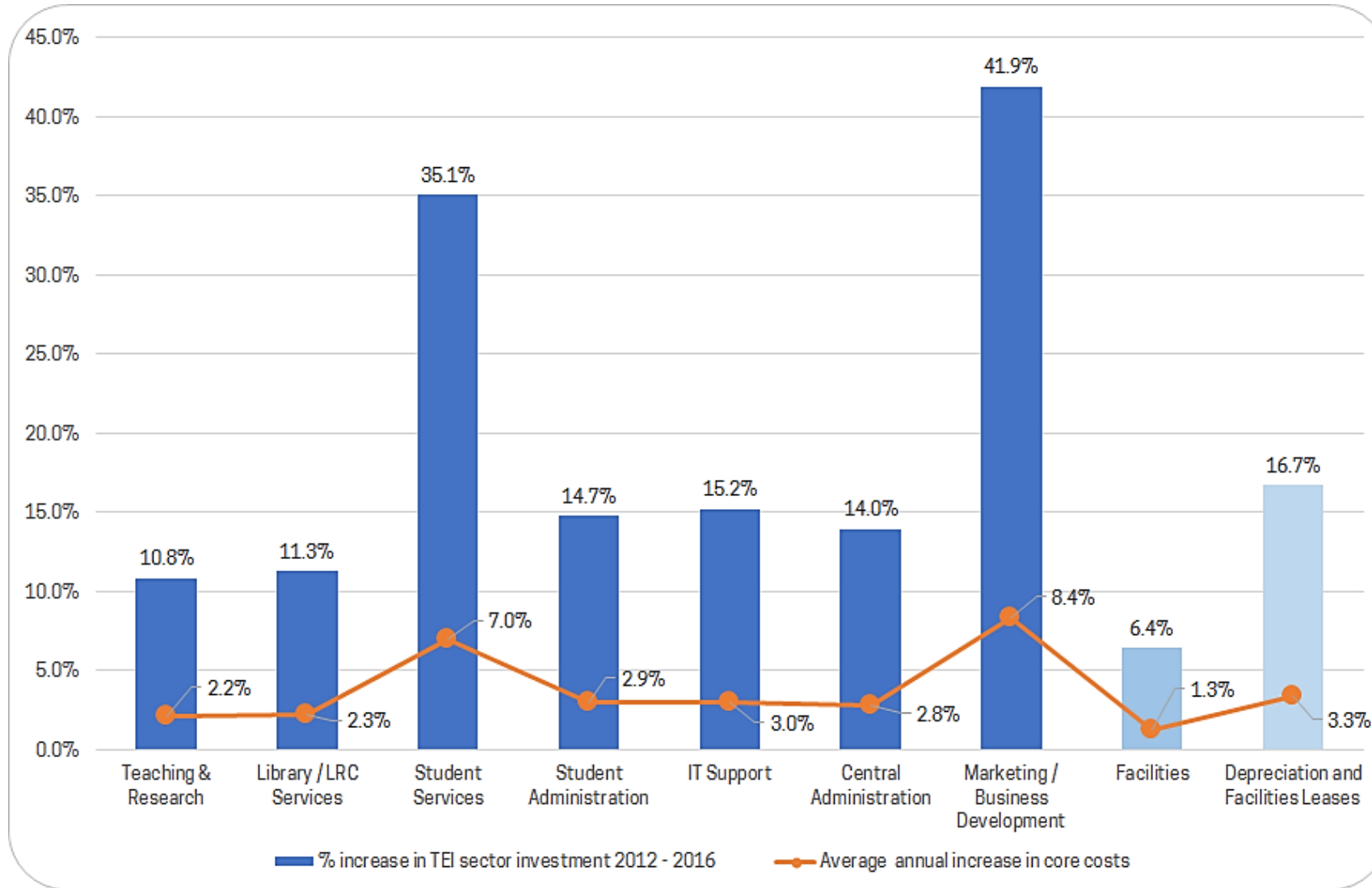
(2016) ITP Sector

- Teaching & Research
- Depreciation and Facilities Leases
- Central Administration
- Facilities Op Ex
- IT Support
- Marketing / Business Development
- Student Services
- Library / LRC Services
- Student Administration



- Different investment profile per sector?
- Universities appear to re-invest the benefits from economies of scale into teaching & research and front line student services
- Facilities operational expenditure across each sector equivalent to 7% of total costs for each sub sector
- Depreciation charges and lease costs between 11% and 13% for each sub-sector

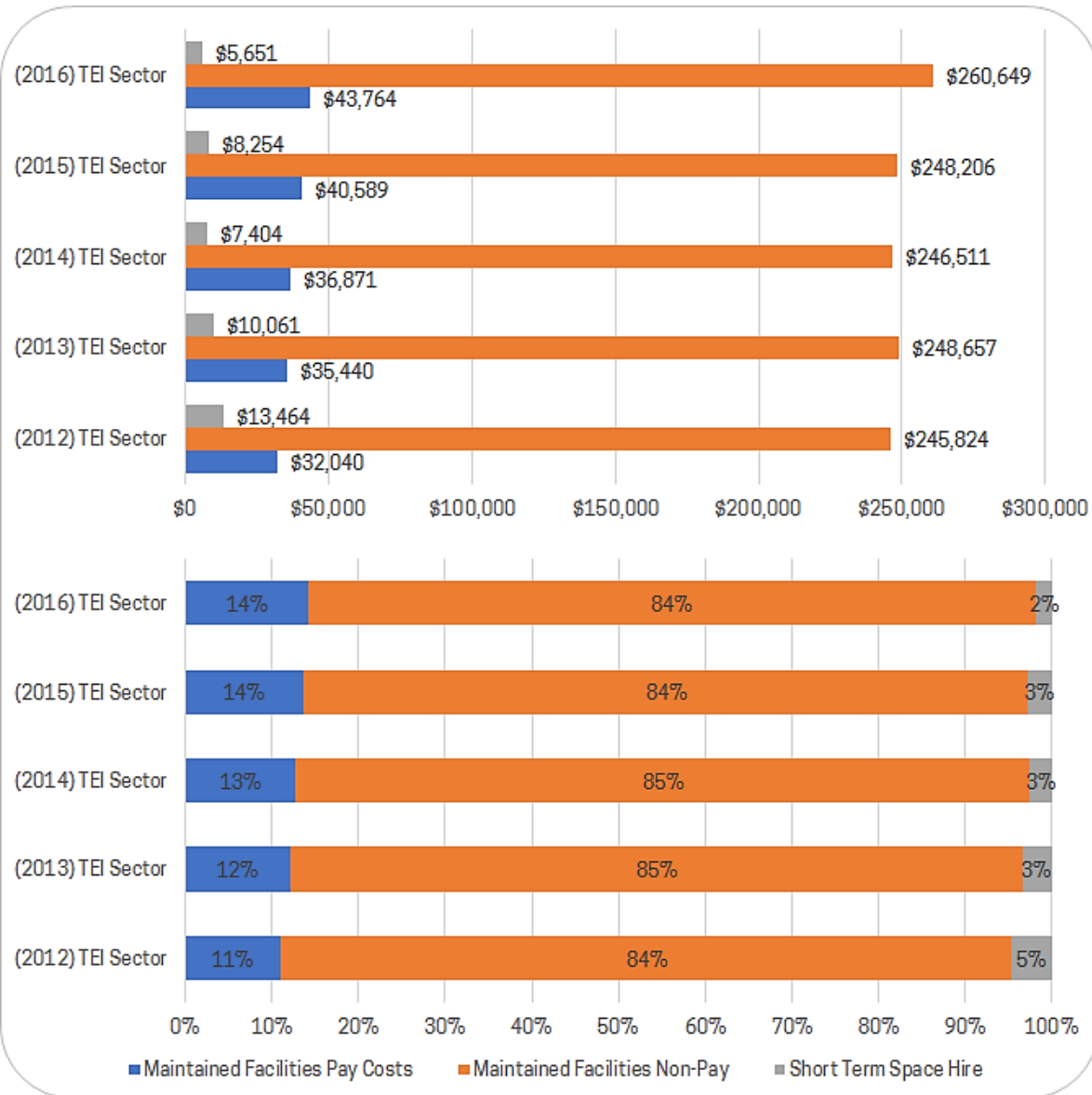
5 year investment journey



- Significant investment being made in:
 - student services (noting the impact of the compulsory student service levies),
 - Marketing
- Depreciation and lease charges 3rd highest increase

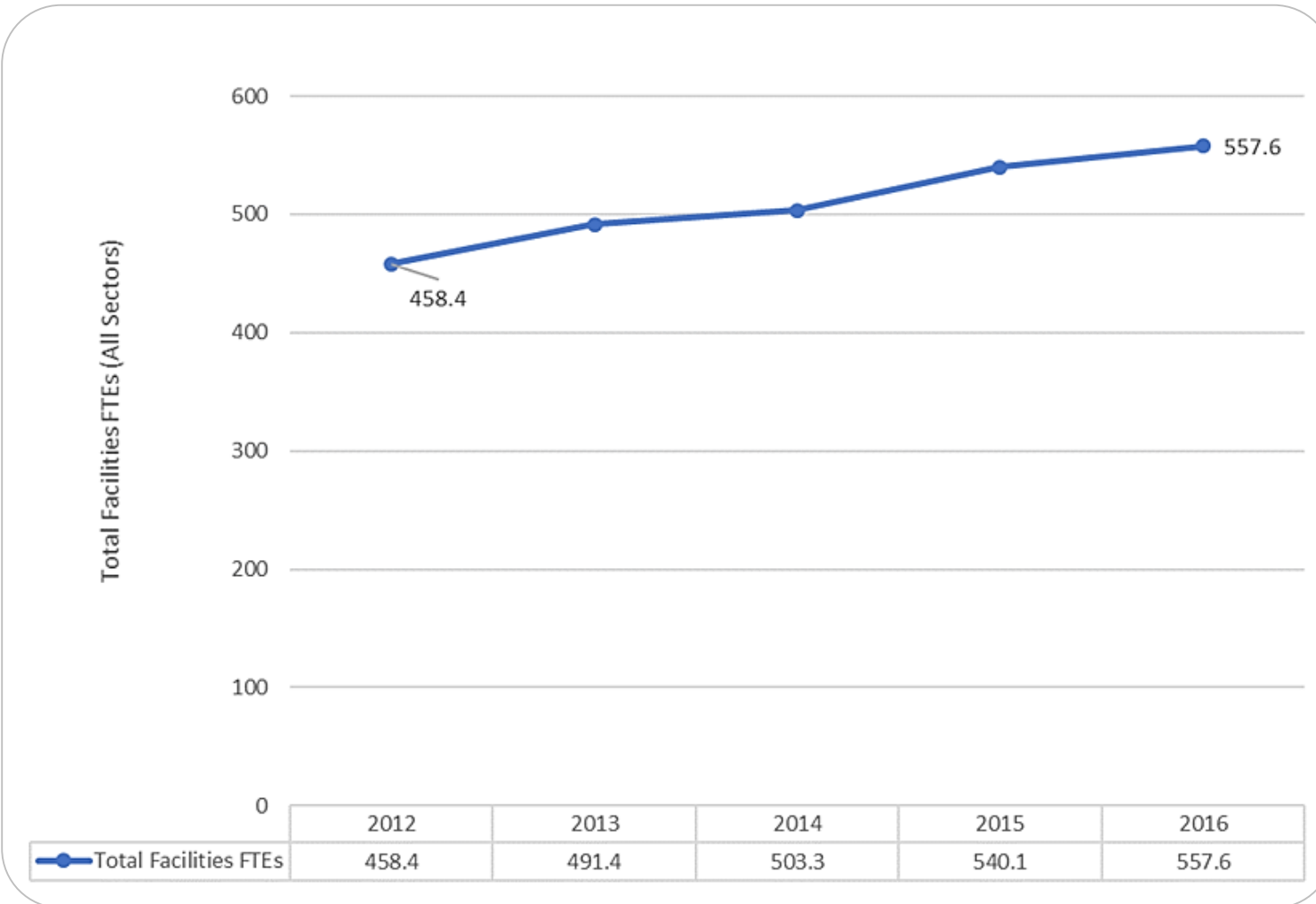
Results are not adjusted for inflation; inflation ~1.0% pa over the five year period

Facilities operational expenditure

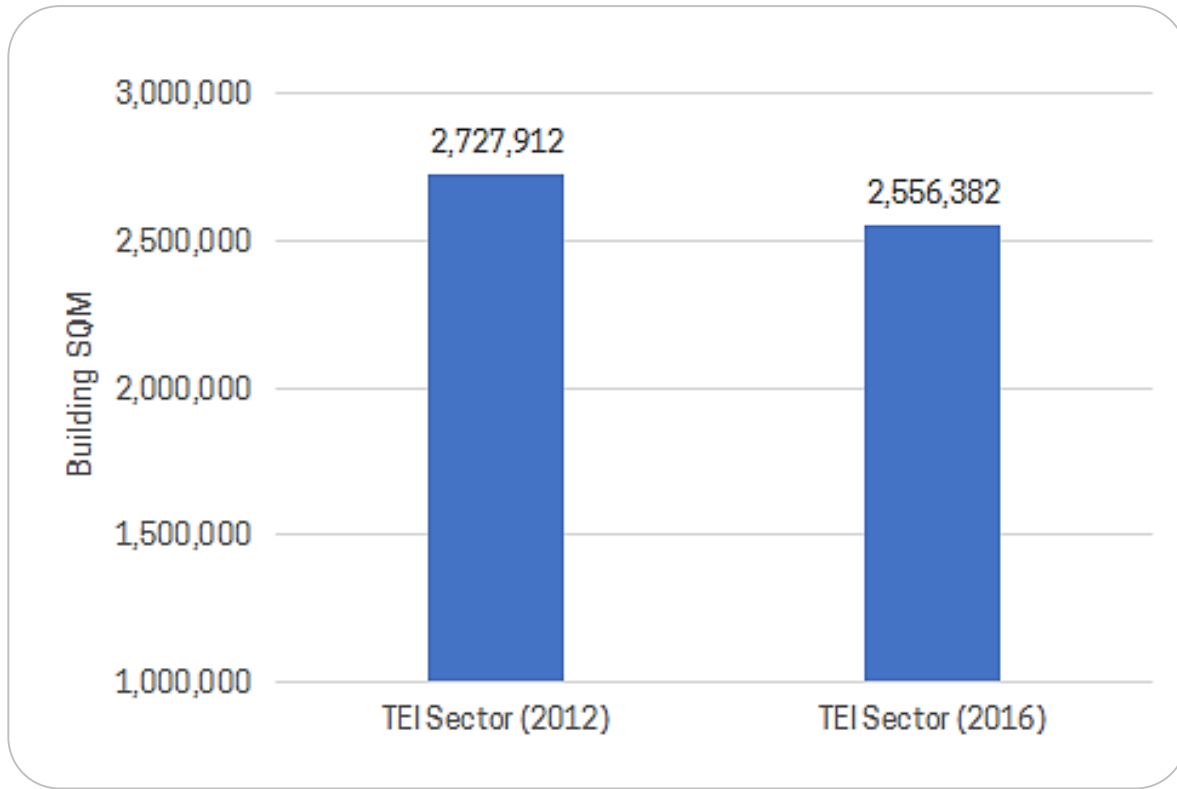


- As a proportion of total facilities op ex:
 - Pay costs have increased to 14%
 - Short-term space costs have decreased from 5% to 2%
- A reflection of:
 - changing delivery modes?
 - reducing demand?
 - better utilisation of space?

Facilities operational expenditure - Staff

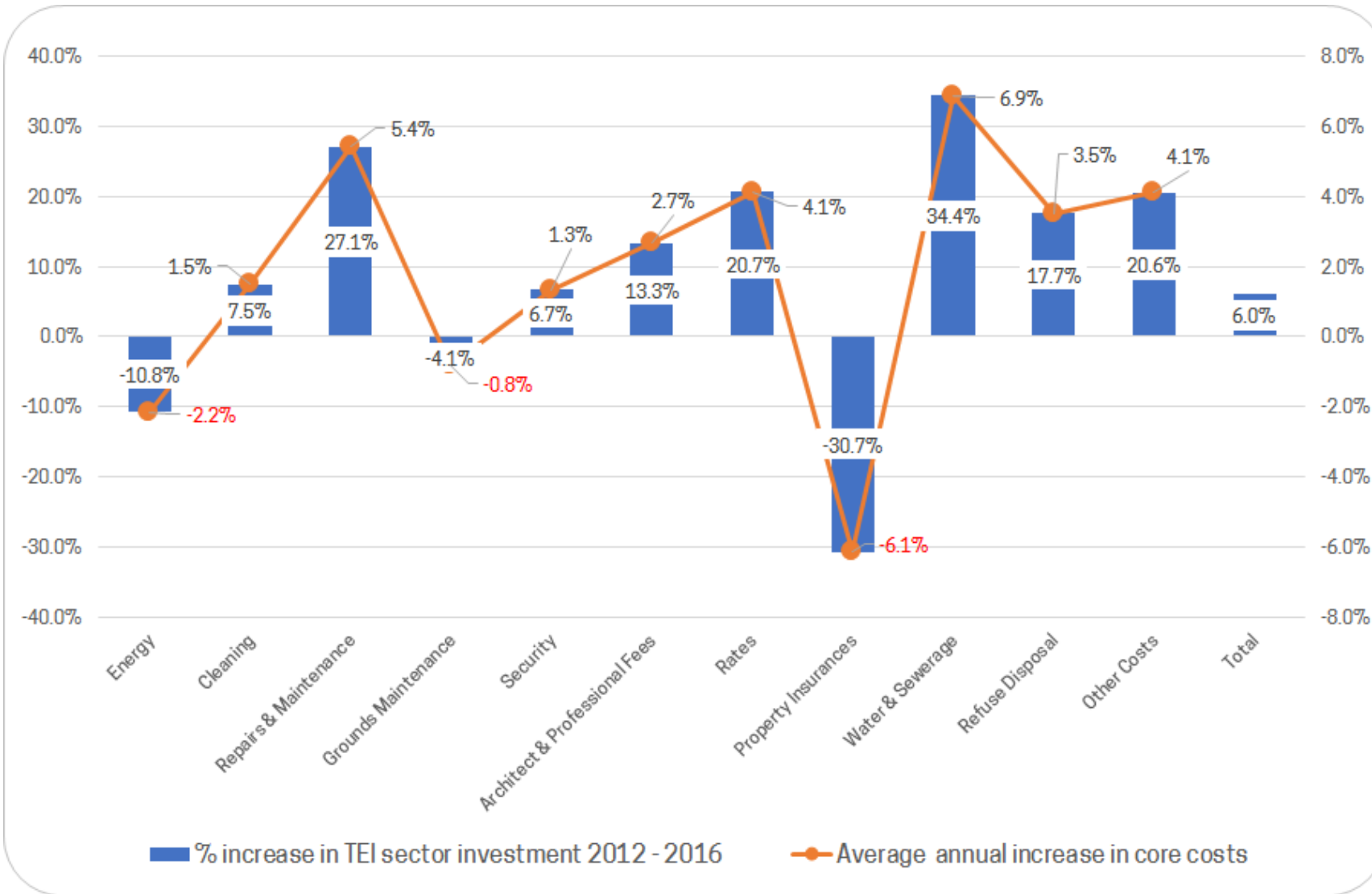


- FTE staff numbers have increased by 21.6%
- Facilities management
- Facilities administration
- Facilities Ops staff
- Health & Safety



- Internal useable sqm have decreased 6.3% from 2012
- Main contributory factor - decreases in space across the university sector

Facilities operational expenditure - Running costs



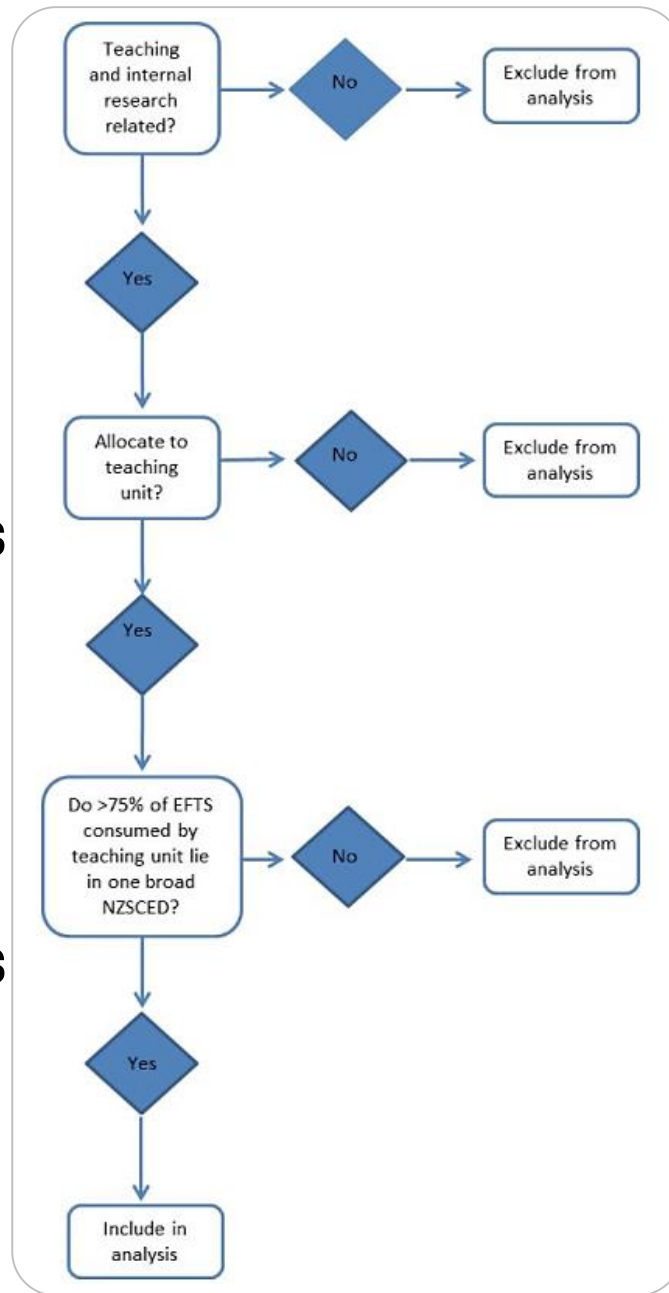
- Significant increases in R&M, water charges & rates
- Property Insurances sharply increased in 2012 (following Christchurch earthquake) but have been declining since

Capital component

- MoE interested in using current cost data to support pricing considerations
- Data captured for 2014
- Review process on 2014 noted that there was no allowance for the capital investment required across different academic areas
- MOE contracted Murray Coppersmith to negotiate a 'low impact' process with the sector
 - Use depreciation and lease costs as a proxy for the capital investment required
 - Allocate these charges and costs across individual teaching departments
- 2016 data reflects impact of including 'the capital component'

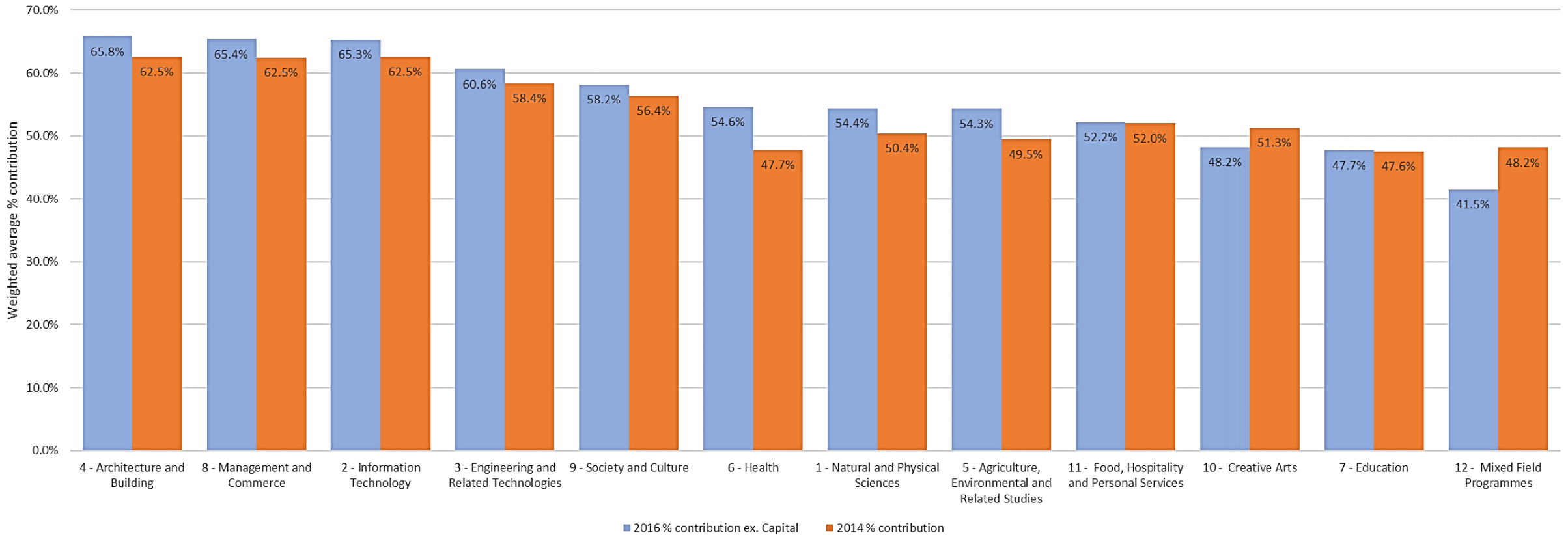
Selection process based on the assessment of individual teaching departments across the sector

350+ individual departments across all 12 NZSCED

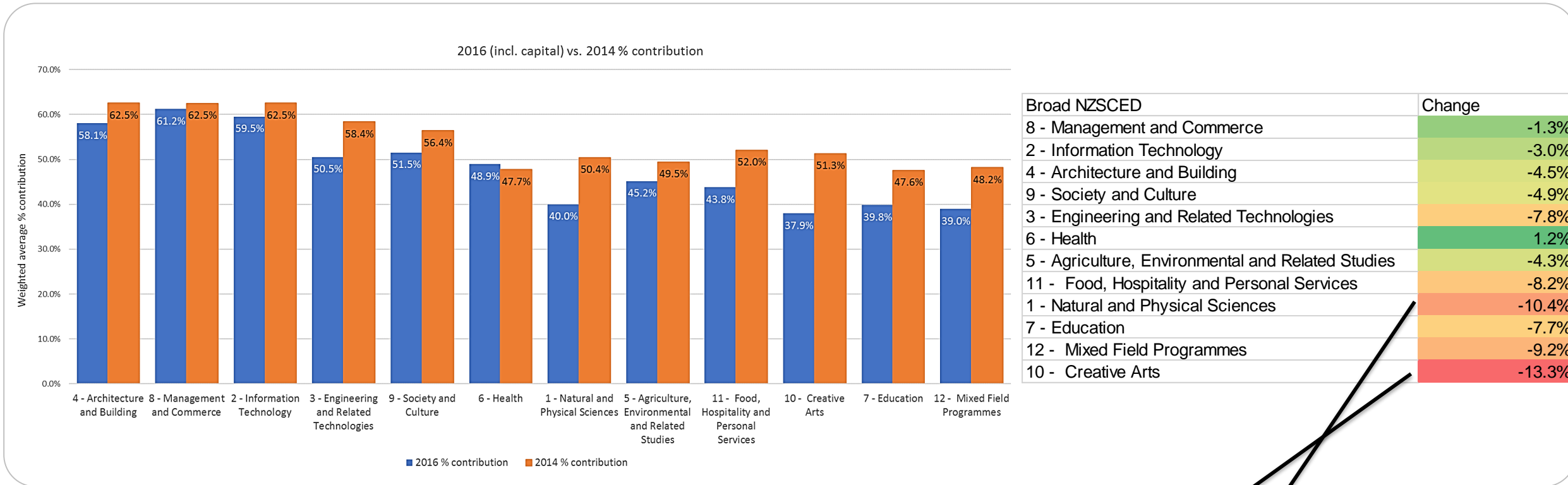


Tuition Subsidy Analysis

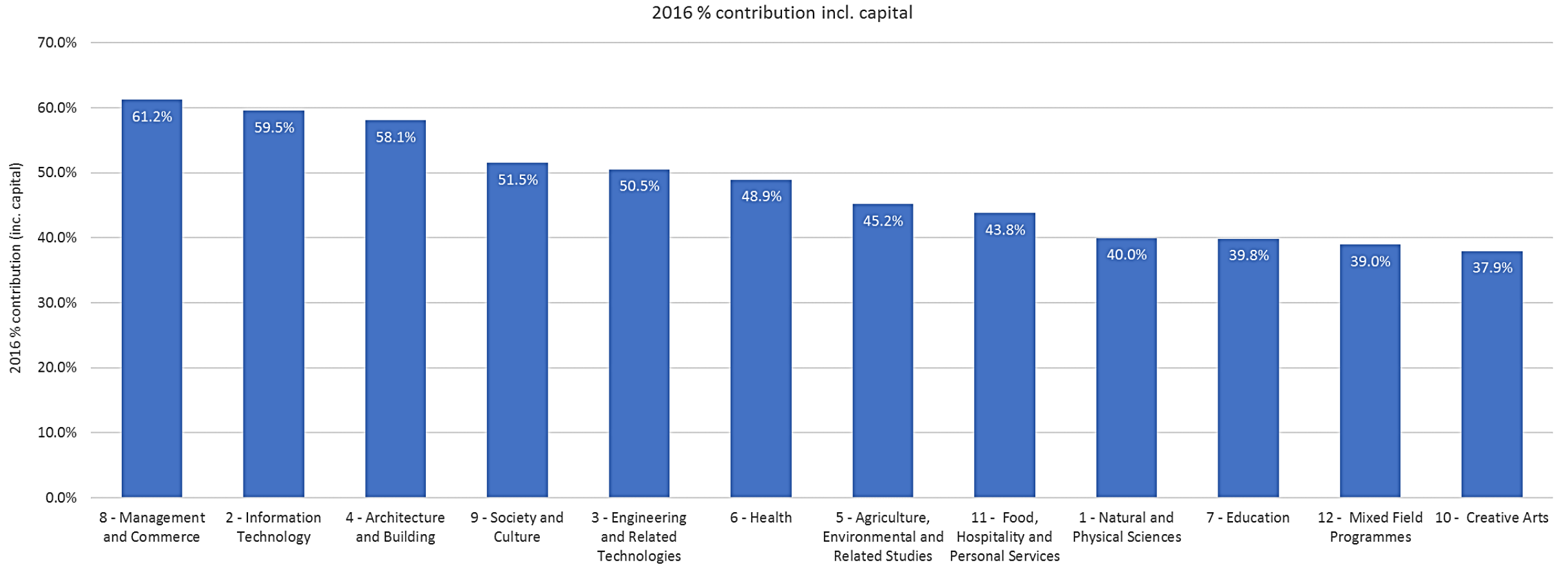
2016 excl. capital vs. 2014 % contribution

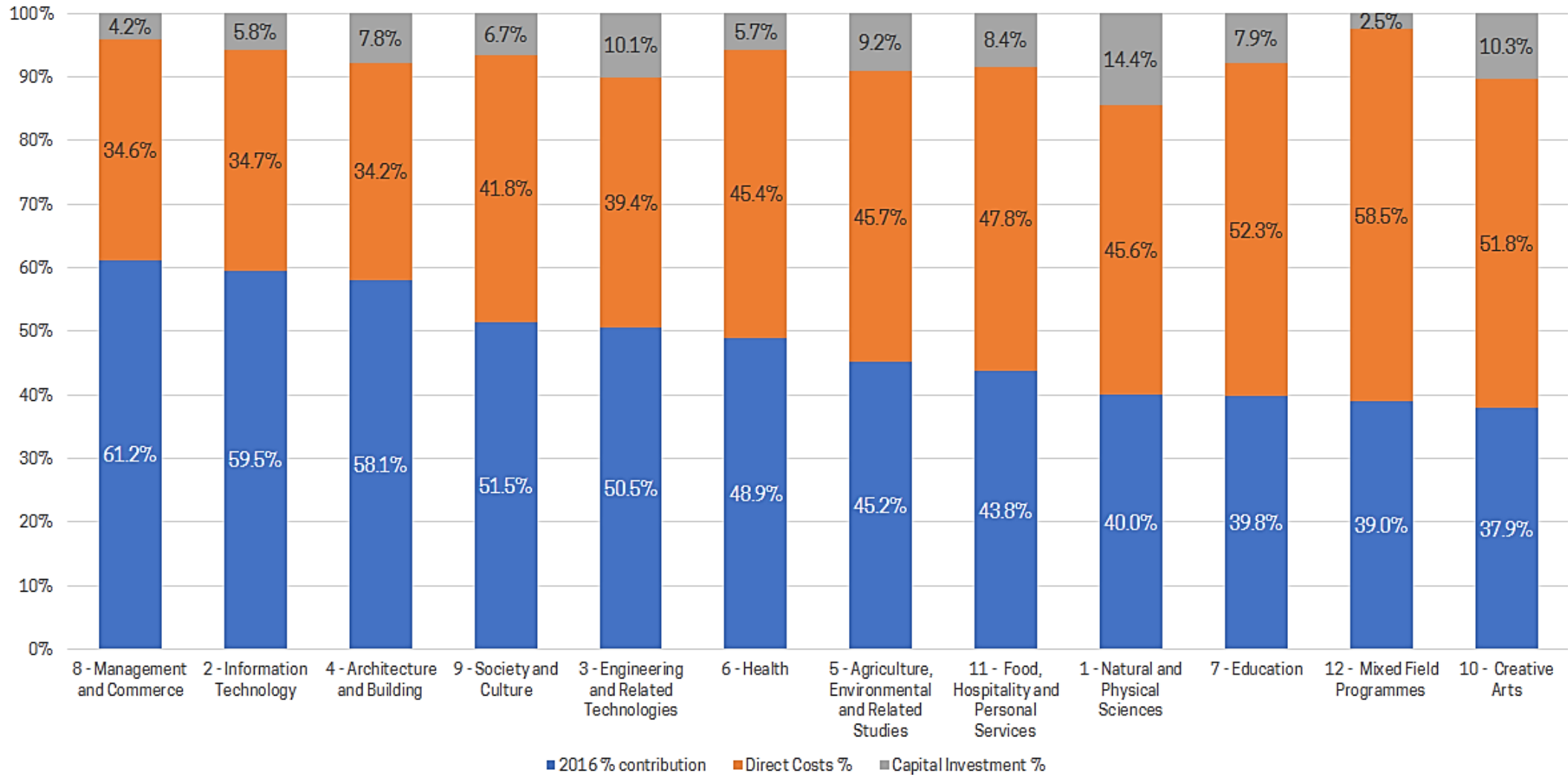


- 10 areas showed an increased contribution level from 2014 results.....excluding capital
- Impact of funding changes? Increased teaching productivity?



- **Creative Arts NZSCED** accounts for 7.3% of total EFTS delivered in TEI sector
 - Largest volume of EFTS across Bachelor of Design (15%) and Bachelor of Arts (13%)
- **Natural and Physical Sciences NZSCED** accounts for 8.7% of total EFTS delivered in TEI sector
 - Largest volume of EFTS in Bachelor of Science (45%)





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Comments & questions



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