

## Tertiary Education Report: Meeting with Rt. Hon. Jim Bolger, Chancellor of the University of Waikato

<b>Date:</b>	8 February 2017	<b>TEC priority:</b>	Medium
<b>Security level:</b>	In Confidence	<b>Report no:</b>	B/17/00052
		<b>Minister's office No:</b>	

ACTION SOUGHT		
	Action sought	Deadline
<b>Hon Paul Goldsmith</b> Minister for Tertiary Education, Skills and Employment	<b>note</b> the information contained in this briefing prior to meeting with Rt. Hon. Jim Bolger, Chancellor of the University of Waikato.	
<b>Enclosure:</b> No	<b>Round Robin:</b> No	

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)				
Name	Position	Telephone		1st contact
Mike Blanchard	DCE Operations/Chief Operating Officer	s9(2)(a)		✓
s9(2)(a)	Manager, University Investment	s9(2)(a)		

**THE FOLLOWING DEPARTMENTS/AGENCIES HAVE SEEN THIS REPORT**

- CERA   
  DPMC   
  ENZ   
  ERO   
  MBIE   
  MoE   
  MFAT  
 MPIA   
  MSD   
  NZQA   
  NZTE   
 TEC   
  TPK   
  Treasury

- Minister's Office to Complete:**
 Approved
 Declined  
 Noted
 Needs change  
 Seen
 Overtaken by Events  
 See Minister's Notes
 Withdrawn

**Comments:**

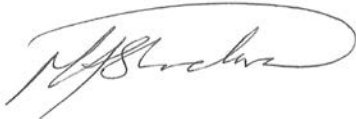
## Recommendations

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**Hon Paul Goldsmith**, Minister for Tertiary Education, Skills and Employment

*It is recommended that you:*

1. **note** the contents of this briefing prior to your meeting with Rt. Hon. Jim Bolger, Chancellor of the University of Waikato.



**Mike Blanchard**

Deputy Chief Executive, Operations  
Tertiary Education Commission

8 February 2017

**Hon Paul Goldsmith**

Minister for Tertiary Education, Skills and Employment

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## **Purpose**

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1. The purpose of this briefing is to provide you with more information to support your meeting with the University of Waikato (Waikato) on 8 February 2017.
2. You will be meeting Rt. Hon. Jim Bolger, Chancellor of Waikato. His biography is included in Attachment 1, along with that of Vice-Chancellor Professor Neil Quigley and other Waikato Council members.

## **Background information on Waikato**

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### **Waikato is a major contributor to its local region both in terms of contributions to the economy and the community**

3. Waikato has a distinctively bicultural campus experience reflected in the university's physical landscape and architecture, and the prominence of te reo Māori and Māori culture on campus. The university has developed strong connections between the communities it serves and is committed to working in partnership with Māori and iwi.
4. The 2014 Economic Impact Report, compiled by Dr Warren Hughes, indicates that Waikato contributes 2.4 percent of the greater Waikato Regional Council economy and adds \$497 million to national GDP. The report also indicated that more than 5,500 jobs nationwide can be attributed to Waikato.

### **The University has been working to define and support its areas of distinction**

5. Since his appointment in 2015, Vice-Chancellor Neil Quigley has embarked on a programme to consolidate and revitalise Waikato's provision and strengthen its areas of distinction, which it describes as civil and environmental engineering, freshwater, cyber-security, high performance sport, health and education.
6. Waikato's strengths in cyber-security are integrated throughout the University's provision. For example faculties such as the Law School offer courses and specialisms in cyber law. Waikato has been approached by the New Zealand Police to provide educational services and is considering developing an inter-disciplinary institute for crime science to promote its expertise in the field.
7. Waikato is supporting the University of Waikato Adams Centre for High Performance in Tauranga and has also established a laboratory at the Cambridge Avantidrome. Both locations are equipped with cutting-edge facilities to test athlete performance, exercise and recovery.

### **Waikato has relatively high-levels of Māori and Pasifika participation, but needs to focus on improving retention and achievement**

8. The university's Māori student participation rate is the highest of all universities and reflects regional demographics. In 2015, Pasifika participation was 6.7%, which is two percentage points higher than the demographic profile for the Waikato region.
9. Despite increased participation, there are declining course completion rates for Pasifika at Waikato and a high first-year attrition rate with many leavers being lost to the system. Waikato is attempting to address this by developing a new Pasifika strategy and introducing a number of measures, including a specific learning space, designed to improve Pasifika achievement.

10. The TEC has worked proactively with Waikato to develop its Pasifika Strategy and we are in the process of presenting Waikato with data to inform its intervention strategies.
11. Furthermore, through the TEC's initiative, the Ministry of Pacific Peoples has engaged with Waikato and is soon to establish a 'hot desk' in Waikato's newly created Pasifika student space. The purpose of this is to engage with staff and students to improve retention and lift achievement of Pasifika. The Ministry has also established a scholarship fund for Pasifika students at Waikato.
12. Achievement for Māori is better than for Pasifika; however, course completion rates are still below those of other ethnicities and below the sub-sector average.

### Funding for Waikato has increased in 2017

13. Table 1 below lists all TEC funds received by Waikato in 2016 and its allocations for 2017. This includes the largest component of university funding from the TEC, Student Achievement Component (SAC) funding, which is the Government's contribution to the direct costs of teaching, learning and other costs driven by student numbers.

**Table 1 – TEC funding for the University of Waikato**

	<b>2016 Actual</b>	<b>2017 Allocation</b>
<b><i>On Plan Funds</i></b>		
<b>Student Achievement Component</b>		
<b>SAC Estimated EFTS</b>	<b>8,253</b>	<b>8,283</b>
SAC	\$71,642,755	\$72,625,791
<b>Total SAC<sup>1, 2</sup></b>	<b>\$71,642,755</b>	<b>\$72,625,791</b>
Performance Based Research Fund <sup>3, 4</sup>	\$15,833,450	\$15,788,108
Equity Loading <sup>3</sup>	\$1,002,440	\$1,009,832
<b>Total Other On Plan Funds</b>	<b>\$16,835,890</b>	<b>\$16,797,940</b>
<b>Total Funding</b>	<b>\$88,478,645</b>	<b>\$89,423,731</b>

<sup>1</sup>Based on most recent data from the December SDR return. Please note this data is yet to be finalised, but includes PLF adjustments for 2016.

<sup>2</sup>Refer paragraph 12 – Waikato's SAC delivery meets the lower threshold for TEC funding.

<sup>3</sup>Allocation for 2016. Please note recoveries are yet to be calculated and this figure could change.

<sup>4</sup>PBRF funding is allocated proportionally from a fixed funding pool. Allocations reflect the performance of the institution receiving the funding relative to other institutions therefore allocations fluctuate year to year.

14. As illustrated by Table 2 below, Waikato has historically delivered around the TEC’s minimum Student Achievement Component (SAC) threshold.

**Table 2 SAC delivery by the University of Waikato**

	2012	2013	2014	2015	2016
Percentage delivery against its SAC allocation	101.5%	99.3%	98.6%	99.8%	99.1%
TEC’s minimum SAC threshold	97%	99%	99%	99%	99%

15. Preliminary results show that Waikato will deliver approximately 99.1% of its SAC allocation in 2016. This means that, pending confirmation of the SDR return, the TEC is unlikely to recover funding for under-delivery.
16. More information on Waikato can be found in Attachment 2.

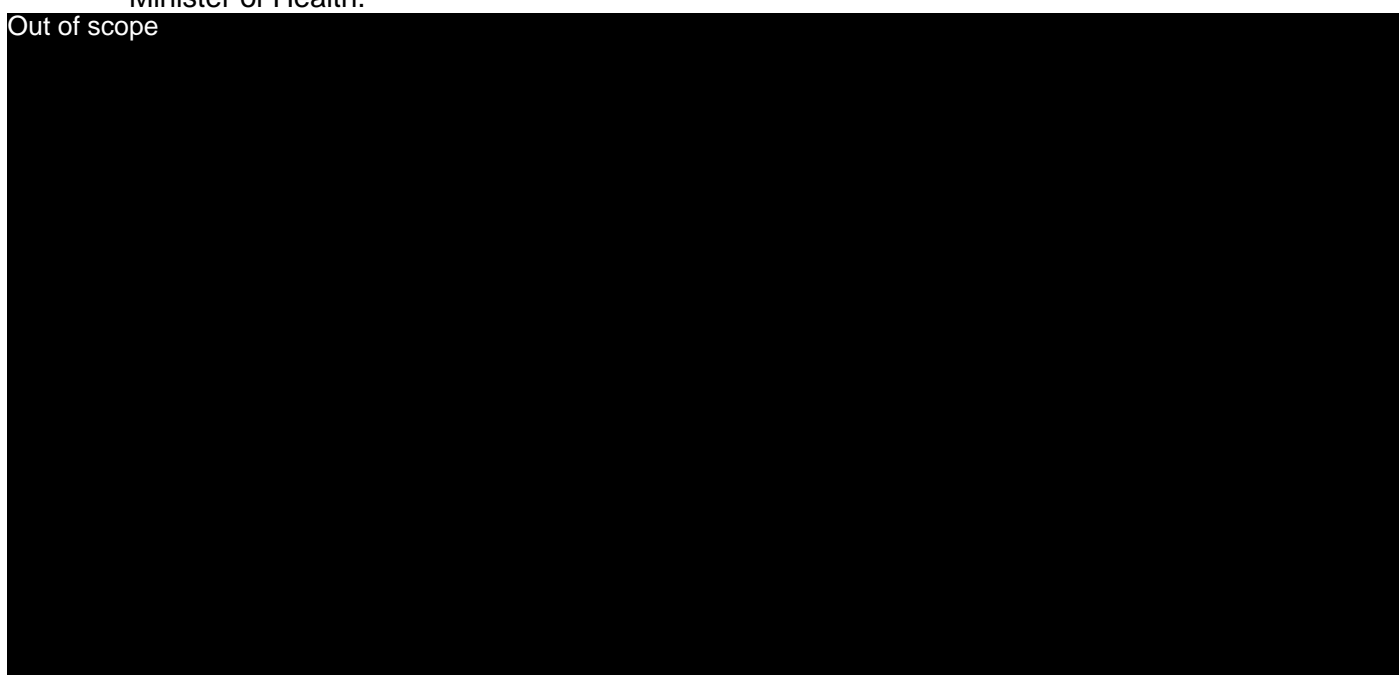
## Topics Rt. Hon. Jim Bolger may raise

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### Proposal to establish a third medical school

17. As previously advised (AM/17/00011 refers) Waikato and the Waikato District Health Board (DHB) submitted a joint business case to Hon Steven Joyce, then Minister for Tertiary Education Skills and Employment, proposing to establish a new medical school. The proposed programme is a four-year graduate entry programme with students able to enter from any prior degree programme providing they meet academic and dispositional criteria.
18. The TEC has reviewed the proposal and our initial view (B/16/01142 refers) is that given the amount of capital funding sought, the Waikato proposal should be further developed to meet the requirements of an Indicative Business Case (IBC) under Treasury’s Better Business Case guidelines. A letter to this effect has been drafted to be sent jointly from you and the Minister of Health.

Out of scope



Out of scope



## Attachment 1 – Biographies

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### Rt Hon James Bolger ONZ – Chancellor



Rt Hon James Bolger was Prime Minister of New Zealand from October 1990 to December 1997. During his 25-year career in politics he led the National Party for almost 12 years, was a Minister for 16 years and had three consecutive terms as the country's head of government. He is a member of the Order of New Zealand (ONZ) and a former Ambassador to the United States. He currently holds a number of key governance roles including Chairman of the International Advisory Board of the World Agricultural Forum, Chairman of the Board of Directors of the Ian Axford Fellowships in Public Policy, Chairman of the Gas Industry Company Limited, and Chairman of Mt Cook Alpine Salmon Ltd. He is also a Trustee of the Rutherford Trust, a member of Te Urewera Board, and a Treaty Negotiations consultant. He has been a member of Council and Chancellor since 2007.

### Professor Neil Quigley - Vice-Chancellor



Professor Neil Quigley has a BA and MA with first class honours from the University of Canterbury, a PhD from the University of Toronto, and an honorary doctorate from the University of Economics in Vietnam. He is an economist of international standing with a long track-record of academic and strategic leadership. He holds a number of Board and expert advisory group memberships; in particular he is a Director of the Reserve Bank of New Zealand and also a Director of the New Zealand Qualifications Authority. Professor Quigley was appointed Vice-Chancellor of the University of Waikato in 2015 and is an ex officio member of Council.



## **Other Members of the University of Waikato Council**

### **Mr Mervyn Dallas – Council Member and Ministerial appointee**

Mr Mervyn Dallas is currently the Chief Financial Officer of EastPack Limited the largest post-harvest supplier of kiwifruit in New Zealand. Mervyn has held a number of senior financial roles in large organisations having been the Chief Financial Officer for Zespri International Ltd, an exporter of kiwifruit, from 2005 to 2014 and previously worked for the SkyCity Group as General Manager of Finance, initially in Auckland and then in Australia. He has worked in Europe, Australia, Asia and the Pacific Islands with experience also in shipping, commercial banking and the hospitality industry. Mervyn is a Chartered Accountant and holds a Bachelor of Commerce from the University of Auckland. He has been a Ministerial appointee on Council since 2011, is currently Pro-Chancellor and is also chairperson of the Audit and Risk Committee.

### **Mr Ian Fitzgerald - Council Member and Ministerial appointee**

Mr Ian Fitzgerald has considerable experience and expertise at a strategic level, with strong financial skills. Ian is Managing Director of Burleigh Evatt and his professional interests are in corporate governance, organisational performance and financial business analysis. He has significant governance experience and is a Chartered Fellow of the Institute of Directors. Ian holds a number of directorships with private and public entities. He has been a Ministerial appointee on Council since 2013, and is also a member of the Audit and Risk Committee.

### **Mr Simon Graafhuis - Council Member and Ministerial appointee**

Mr Simon Graafhuis has a Bachelor of Management Studies from the University of Waikato. He has been the CFO for the Gallagher Group since 2008 with responsibility for the global finance function. His career has also included a variety of mainly finance and project-related roles with LIC, Fonterra and New Zealand Dairy Group. Mr Graafhuis has been a Ministerial appointee on Council since December 2014, and is also a member of the Audit and Risk Committee.

### **Diane Foreman - Council Member and Ministerial appointee**

Mrs Diane Foreman is the former Chief Executive Officer of the Emerald Group, an investment company with interests in health care, manufacturing, property development and tourism. Emerald Foods, which is part of the group, won the New Zealand Trade and Enterprise International Business Award in 2010 for companies with a turnover of between \$10 million and \$50 million. Emerald Holdings directly, or through shareholdings, employs over 4,000 people and has interests in 29 countries. A former Chief Executive Officer of Trigon Holdings, she negotiated its \$130 million sale to United States interests. She was Vice Chair of the Business Roundtable.

She was a founding member of the Robin Hood Foundation, which matches corporations with charities needing business advice and mentoring. Diane was named 'Entrepreneur Of The Year' in 2009 and represented New Zealand at the Ernst & Young Entrepreneur Of The Year Awards in Monte Carlo in 2010. She was invited back to Monte Carlo in 2011 as the first Australasian woman to sit on the judging panel for the same award.

### **Dr Alison Campbell - Council Member and Academic Board Nominee**

Dr Alison Campbell is both Associate Dean (Teaching and Learning) and a Senior Lecturer (Biological Sciences) for the Faculty of Science and Engineering. Alison gained her PhD in zoology at Massey University in 1984. She publishes in the field of science education and has been recognised by a number of awards for both science communication and teaching, including a National Teaching Excellence Award in 2010. She was elected to Council by the members of the Academic Board in 2011 and reappointed by nomination of the Academic Board in December 2015.

### **Mr Indula Jayasundara - Council Member and Student Representative**

Mr Indula Jayasundara is the elected President of the Waikato Students' Union and student member of the University Council for 2016. Having arrived in New Zealand in 2012 from Sri Lanka, Indula is in his 4th and final year of a Bachelor of Management Studies majoring in Accounting and Tourism. Indula has been inducted into the Golden Key International Honour Society. He is committed to the pursuit of knowledge and has a passion for governance.

### **Mr Richard Jefferies - Council Member and Te Arikinui Representative**

Mr Richard Jefferies is of Ngāti Raukawa and Ngāti Tukorehe descent, and has wide experience in Māori development - especially in education. He is currently CEO, Taupo Moana Group and also serves as Chair for Te Pūtea Whakatupu Trust and as a trustee on the Cognition Education Trust. He has professional and strategic interests in the revitalisation of te reo Māori, Māori economic development and lifting Māori educational achievement. He has a Bachelor of Management Studies and a Diploma in Teaching (Sec) from the University of Waikato, is a Justice of the Peace, and has business interests in the kiwifruit industry, as well as being involved in marae and hapu activities. Appointed after consultation with Te Arikinui, Mr Jefferies has been a member of Council since 2015.

### **Ms Ngareta Timutimu – Council Member and Te Rōpū Manukura Representative**

Ms Ngareta Timutimu (Ngāi Te Rangi, Ngāti Ranginui) has a Bachelor of Arts and a Masters in Education (First Class Honours) from Auckland University. She has worked in the Education field for over 30 years as a teacher, Deputy Principal, Principal and lecturer in both immersion and mainstream sectors. She has extensive experience in the Secondary School, Tertiary, Wānanga and Iwi development domains. Ms Timutimu is the Chairperson of Te Rōpū Manukura which, in partnership with the University Council, is the Kaitiaki (guardian) of the Treaty of Waitangi principles for the University of Waikato. She was appointed to Council after consultation with Te Rōpū Manukura, with effect from 2016.

### **Mr Paul Adams - Council Member**

Mr Paul Adams CNZM, is a civil engineer based in Tauranga and Managing Director of Carrus, one of the largest private land development companies in New Zealand. He is a founding director and life member of Priority One (a Tauranga business development entity), a trustee of Te Kura (NZ Correspondence School), a Director of Kordia, a member of NZ Initiative and a Chartered Fellow of the Institute of Directors. He is also closely involved with the philanthropic sector, including IHC, Riding for the Disabled and Waipuna Hospice. Mr Adams has been a member of Council since early 2015.

### **Mrs Susan Hassall – Council Member**

Mrs Susan Hassall has an MA (Hons) from the University of Auckland. She has been Headmaster of Hamilton Boys' High School since 2000, following her early career as a teacher of English, at the same school. She has extensive experience in education, and in the management of change in an organisation. Susan has also been involved, as an Executive member, with the Association of Boys' Schools, since its inception in 2002, and has an abiding interest in, and involvement with, gifted education, having contributed to the Minister's Advisory Group for many years. Mrs Hassall contributes to the wider community as a Justice of the Peace, and as a Wedding and Special Occasion Celebrant. She was appointed to the Council in March, 2016.

## **Attachment 2 – Key facts about the University of Waikato**

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See attached.

# Key facts about the University of Waikato (Waikato)

Waikato was founded in 1964 and is the second smallest New Zealand university by EFTS and has the highest proportion of Māori EFTS. Waikato has recently revised its areas of distinction to include civil and environmental engineering, freshwater, health and sports science.

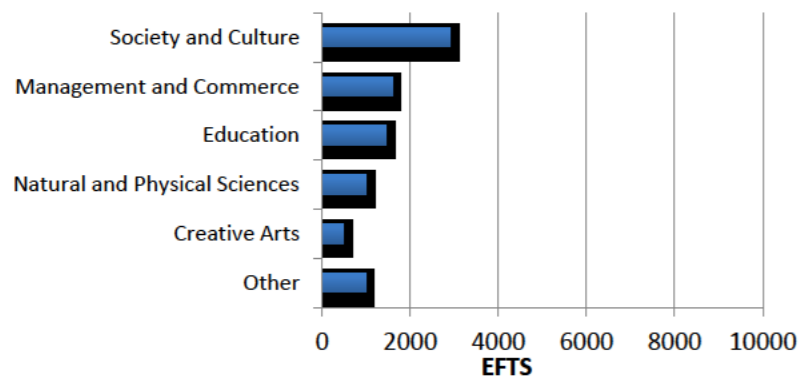
2015 Total Equivalent Full-Time Students (EFTS) = 10,018  
2015 Total Student Achievement Component (SAC) EFTS = 8,451  
2015 SAC delivery compared to allocation = 99.8%

	2012 actual	2013 actual	2014 actual	2015 actual	2015 subsector average	2015 actual to subsector average
Undergraduate SAC EFTS	82.9%	79.5%	78.4%	78.6%	75.9%	2.7%
Postgraduate SAC EFTS	17.1%	20.5%	21.6%	21.4%	24.1%	-2.7%
Total SAC EFTS	8,776	8,726	8,473	8,451		
International full-fee paying EFTS	14.1%	13.9%	14.1%	15.3%	11.5%	3.8%
Total EFTS	10,370	10,157	9,904	10,018		
% difference between EFTS delivery and allocated EFTS	2.6%	-0.9%	-0.5%	2.1%		

- Total domestic EFTS have decreased since 2010 to just under 8,500 EFTS.
- Māori student participation rates are the highest in the subsector with 22 percent of Waikato's total EFTS being Māori compared to the subsector average of 10.5 percent in 2015.

Priority group participation rates	2012 actual	2013 actual	2014 actual	2015 actual	2015 subsector average	2015 actual to 2012 actual	2015 actual to subsector average
Māori (Level 4+)	21.8%	21.4%	22.0%	22.1%	10.5%	0.2%	11.5%
Pasifika (Level 4+)	5.6%	6.1%	6.0%	6.7%	7.7%	1.2%	-1.0%
Under 25 (Level 4+)	67.0%	68.6%	68.9%	70.5%	75.3%	3.4%	-4.8%

EFTS delivery in top 5 subjects by Standard Classification of Education (NZSCED) broad field (2015)



Waikato has a proportionately higher share of SAC delivery in Education and in Society and Culture compared to those fields' share as a total of subsector delivery.

## Educational Performance

	2012 actual	2013 actual	2014 actual	2015 actual	2015 subsector average	2015 actual to 2012 actual	2015 actual to subsector average
All students							
Course completion	86.4%	85.2%	84.7%	84.3%	86.2%	-2.0%	-1.8%
Qualification completion (cohort)				67%	62%	n/a	n/a
First-year retention (cohort)				74%	76%	n/a	n/a
Māori students (Level 4+)							
Course completion	81.4%	80.2%	78.9%	78.3%	80.3%	-3.1%	-2.0%
Pasifika students (Level 4+)							
Course completion	71.1%	65.1%	69.4%	67.1%	71.4%	-4.0%	-4.4%

- Waikato's course completion educational performance indicators (EPIs) for all students and Māori has steadily decreased from 2012 to 2015. However Pasifika course completions have fluctuated and are below the 2012 actual. Waikato's performance in 2015 decreased across all course completion metrics.
- Waikato's cohort qualification completion exceeds the university subsector average, however its cohort first year retention is below the university subsector average.

## Research Performance

- Ranked fifth in the 2012 PBRF Quality Evaluation with an AQS(N) score of 4.53. Its AQS(N) score is essentially unchanged compared to 2006. The highest AQS(N) score by a university was 5.51.
- Waikato's PBRF funding allocation for 2013 reduced compared to previous years. This did not reflect a drop in research quality - rather, it means that Waikato's PBRF performance improved less in relative terms when compared to other providers.
- PBRF indicative allocated funding for 2017 is \$15.7 million (5.3% of all PBRF funding).
- By subject in the 2012 PBRF evaluation, Waikato ranked second in economics; education; marketing and tourism; and music.

## Financial Performance

(\$ million)	2008	2013	2014	2015	2008-2015 change (percentage point or \$)
Total revenue	188.5	228.9	229.5	241.8	53.3
Total Government funding	86.6	101.6	99.8	101.8	15.2
Net surplus/deficit (after unusual items)	-1.7	9.7	11.6	9.5	11.2
Net surplus/deficit as % of total revenue	-0.9%	4.2%	5.0%	3.9%	4.8%
Total assets	355.5	423	457.5	473.9	118.4
Net cashflow from operations	23.3	24.2	39.6	36.5	13.2
Cashflow from operations (%)	113.2%	112.0%	120.2%	117.3%	4.1%

Revenue source as a % of total revenue	2008	2015	2015 subsector average
Government income (including PBRF)	45.9%	42.1%	41.9%
Domestic tuition fees	17.8%	19.3%	17.9%
International tuition fees	12.5%	12.5%	10.1%
Other	23.8%	26.1%	30.1%

Audited figures

## Funding

(\$ million)	2010	2015	2016	2017	2010-2017 % change
Total TEC funding allocation	86.2	88.1	88.5	89.4	3.7%
SAC funding	65.1	71.1	71.7	72.6	11.5%
PBRF funding	15.5	15.9	15.8	15.8	1.9%

- Waikato successfully delivered 36 more undergraduate EFTS for Priority Engineering in 2015 compared to 2014.

## World Rankings

Waikato has typically been in the lower band of New Zealand universities featured in the Times Higher Education Supplement (THES) and Quacquarelli Symonds (QS) world university rankings.

	2010 (2010/11 THES)	2013 (2013/14 THES)	2014	2015	2016	2015-2016 change
THES ranking	401+	301-350	351-400	401-500	401-500	n/a
QS ranking	316=	405=	405	338=	324	up 14

## TEC-funded initiatives

- Waikato hosts the National Centre for Adult Literacy and Numeracy, which focuses on embedding literacy and numeracy in the tertiary sector.
- Waikato has partnered with the University of Auckland to host an ICT Graduate School based in Auckland, with satellite locations in Hamilton and Tauranga.

## Current Issues

- Waikato is a key stakeholder in the Bay of Plenty Tertiary Education Partnership (the Partnership) involving Waikato, Waiariki Bay of Plenty Polytechnic, and Te Whare Wānanga o Awanuiārangī which collaborates to enhance tertiary provision in the region.
- Waikato is recruiting additional students from the greater Waikato region through its 'Pathways to Excellence' programme, which offers eligible students scholarships and subsidised travel.
- In late 2016 Waikato and the Waikato District Health Board proposed establishing a third Medical School in the Waikato region. The proposal is for a 4-year graduate entry programme focussed on encouraging more students to train as General Practitioner's for rural practice, and also aims to encourage more Māori into medical studies. The proposal is still in its early stages.

## Key University and TEC personnel

- Chancellor: Rt Hon Jim Bolger
- Vice-Chancellor: Professor Neil Quigley

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