

Event backgrounder: Information to support visit to Otago Polytechnic Trade Training Centre build site, 8 April 2021

To:	Rt Hon Jacinda Ardern, Prime Minister Hon Chris Hipkins, Minister of Education
From:	s9(2)(a)(i) Acting Manager, Delivery and Projects
Date:	6 April 2021
Reference:	E-21-00148

Purpose

1. You have been invited to visit Otago Polytechnic and view the Trade Training Centre build site, on 8 April 2021 from 12 noon to 1.30pm, 95 Forth Street, Dunedin North.
2. This event backgrounder provides you with information about Otago Polytechnic, the Trade Training Centre project, and matters that may be raised with you.
3. The event information sheet and run sheet for the event are attached as Appendix A, and biographies of key attendees are attached as Appendix B.
4. We recommend that you release this event backgrounder in full.

About Otago Polytechnic

5. Te Pūkenga subsidiary Otago Polytechnic traces its history back to 1870 when the Dunedin School of Art opened. In 1889, the Dunedin Technical School was opened; Otago Polytechnic was established in 1966, and the current Forth Street campus was opened in 1989. Otago Polytechnic is a category 1 External Evaluation and Review (EER) provider¹ and offers courses from foundation levels 1-3 through to bachelor, graduate diploma, and postgraduate (including one doctorate) programmes (level 10).
6. Otago Polytechnic delivers over 150 different programmes with a strong vocational focus. Provision includes: the health professions; community services; hospitality; applied management; fine arts; design; veterinary nursing and animal care; horticulture, agriculture, construction, engineering, trades and pre-trades, and information technology (IT).

¹ New Zealand Qualifications Authority (NZQA), External Evaluation and Review Report, December 2015.

Funding

7. Otago Polytechnic's 2021 Current Approved Allocation is \$55 million. This includes \$4.4 million of funding from the Targeted Training and Apprenticeship Fund (TTAF)². Otago Polytechnic is funded to deliver approximately 4,157 equivalent full-time students (EFTS) in 2021³.

The Trade Training Centre is a shovel ready project

8. The Otago Polytechnic Trade Training Centre project was approved as a COVID-19 response and recovery Infrastructure Reference Group project in August 2020. The funding contract between Otago Polytechnic and Crown Infrastructure Partners (CIP) was signed in August 2020.
9. Funding arrangements for the project consist of:
- \$10m grant from CIP;
 - \$18m loan (term of 10 years at 0%) from CIP; and
 - \$3.7m co-funding by Otago Polytechnic.
10. Construction started in February 2021 and is on schedule to finish in December 2022. The project is expected to create 200 FTE (Full Time Equivalent) jobs during the construction process.
11. The project consists of a new building of three levels with a footprint of 3,350 square metres, and additional works which include a public realm, relocations, furniture and fittings and specialist equipment. This building will become the trade training centre for:
- Civil and structural engineering;
 - Welding;
 - Mechanical engineering;
 - Fabrication; and
 - Interactive engineering, trades and an IT development workshop.
12. Creating a new, modern building for these trades will also allow other trades, including carpentry, quantity surveying and electrical engineering, to expand within their existing trade training buildings, and new trades such as plumbing, gas fitting and drainage to be established.
13. The new Centre will be focused on educational excellence, and will provide an outstanding learning environment with contemporary learning spaces, and an integrated and collaborative skills training facility.
14. The new Trade Training Centre aligns with the Government's focus on vocational education, and increasing the number of qualified tradespeople in the New Zealand workforce available to meet ongoing Construction industry demand.

² Data sourced from Qlik as at 1 April 2021, My Allocations and Payments App, using the Summary sheet with filters for reporting year (2021) and TEO (6013 – Otago Polytechnic).

³ Data sourced from Qlik as at 1 April 2021, My Commitments App, using the Summary sheet with filters for reporting year (2021) and TEO (6013 – Otago Polytechnic).

TTAF supports learners to undertake vocational education and training without fees

15. The TTAF (also known as free trades training), covers fees from 1 July 2020 until 31 December 2022, and is paid directly to tertiary education organisations by the Tertiary Education Commission (TEC).
16. The TTAF makes a range of training and apprenticeship programmes at sub-degree (levels 3-7) free for learners. It is targeted towards industry skill needs where demand from employers for these skills will continue to be strong, or is expected to grow, during New Zealand's recovery period from the impacts of COVID-19.

Matters they may raise with you

Otago Polytechnic is on track to over deliver in 2021

17. Enrolments at Otago Polytechnic have continued to increase in 2021, carrying on the trend from 2020. Many schools are at capacity and there are waiting lists for some courses (e.g. construction, health and horticulture). Delivery is currently sitting at 107% and Otago Polytechnic has forecast it may reach 115% with second semester enrolments.
18. Otago Polytechnic have reported that the profile of students is changing and becoming more diverse. There are increased numbers of older students (the average age has gone up to 26 years), and more students from other parts of the country enrolling.

The TTAF initiative has supported increased enrolments

19. The TTAF initiative has stimulated significant growth in demand for eligible qualifications. As a result Te Pūkenga subsidiaries, including Otago Polytechnic, are very likely to require additional funding during 2021.
20. The TEC has established a fast track additional funding assessment process where Te Pūkenga can put in requests to draw down Student Achievement Component (SAC) Level 3+ funding from a \$35 million pool. Where approval is granted, Te Pūkenga will then be able to distribute funds to its subsidiaries in response to their additional funding needs for 2021.

Apiculture is experiencing a significant increase in demand

21. Apiculture is a rapidly growing industry in New Zealand and there is high demand for skilled beekeepers, as well as increasing numbers of hobbyist beekeepers.
22. In 2019, 1,005 people enrolled in apiculture courses across New Zealand. That number jumped by an additional 680 in 2020 - a rise of 65 percent. The number of learners enrolling in apiculture industry based training has also increased, from 125 in 2019 to 300 in 2020. Of note, is the growing number of young people enrolling in apiculture courses.
23. Otago Polytechnic offers Certificates in Apiculture at a number of its campuses and has experienced significant growth in demand over the last two years, resulting in the need to employ more lecturers.
24. Beekeeping qualifications are eligible for funding under the TTAF.

Otago Polytechnic has a key role increasing local capability to support the new Dunedin hospital build

25. A number of large scale construction projects are underway in the Otago region, and there is considerable concern that ongoing labour and skills shortages will have a detrimental effect on the ability of construction companies to complete the projects. Construction of the new \$1.4 billion Dunedin Hospital – one of the largest infrastructure projects in the country – has been estimated to require 1,000 workers at its peak.
26. As a local training provider, Otago Polytechnic has been identified as a key partner in relation to the build of the new hospital. In particular, to the project's goal of providing the skills and labour needed to help complete the new hospital whilst improving the lives of the local community by providing training, support and access to opportunities presented by the project.
27. Otago Polytechnic is part of the Grow Dunedin Partnership (GDP) established to implement Dunedin's Economic Development Strategy. The GDP also includes Dunedin City Council, the University of Otago, the Otago Chamber of Commerce, the Otago Southland Employers' Association and Kāi Tahu: Te Rūnanga o Ōtākou and Kāti Huirapa Rūnaka ki Puketeraki. The GDP has a focus on regional skill needs in the medium to long term.