



The **Renewal** Plan for Unitec

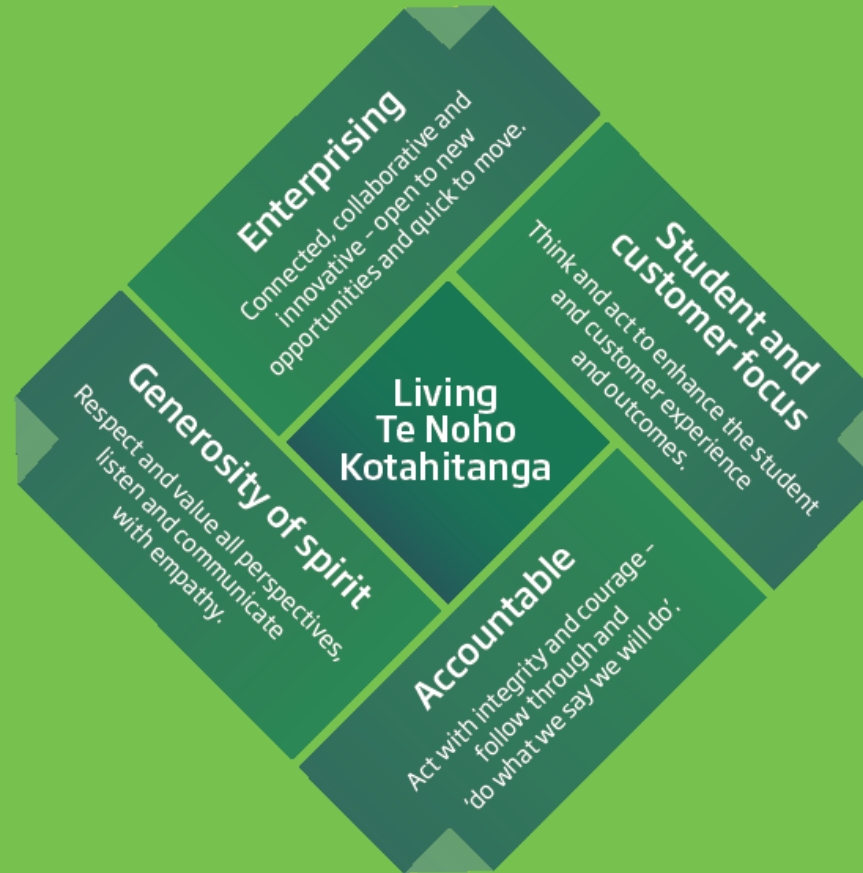
July 2018

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Our values

Living Te Noho Kotahitanga



Our purpose and critical success factors

We enable better futures for students, communities and public and private enterprise

- ✓ Highly employable and enterprising lifelong learners
- ✓ A more highly skilled innovative and enterprising NZ workforce
- ✓ Engaged and inspired staff equipped with capabilities for our future
- ✓ A financially sustainable Unitec

Context

- Decline from 10,000 EFTs: 1,000 each year for 3 years
- Transformation impact
- Post land sale
- Forecast \$19M in debt by year end and \$46M by end 2019
- Independent Financial Advisor appointed, Council dissolved, Commissioner appointed
- Lack of clarity of BAU financials until recently
- Low staff morale for many reasons
- Continued market uncertainty esp. International
- Need to right size – match expenses to revenue
- Draft design by July 2018
- Need for timely feedback and decision making
- Implemented from now until Dec 2019

Our renewal plan priorities

- Renewed focus on core business – work-ready graduates, lifelong learners
- Success of priority groups: Māori, Pacific, Under 25
- Committed to West, Central and North Auckland communities

Design principles

- Led by the principles of Te Noho Kotahitanga
- Informed by learnings from the past
- Informed by ITP roadmap conversations
- Informed by evidence wherever possible
- Based on the student journey
- Function first followed by structure
- Focus on structure and roles, not individuals
- Agile, sustainable solution
- Collaborative leadership and behaviours

“Best learning, effective support services”

Objectives

1. To design a sustainable operating model and structure for a minimum of 6,000 EFTs (ex Mind Lab) for 2020 and beyond
2. To realise overall cost savings of 20% across the organisation (\$25M)
3. To engage effectively with our people and key stakeholders throughout the process
4. To enable Unitec to recover and grow in core areas of opportunity

N.B. Long term strategy and values refresh to follow

Serving Auckland's future employment needs

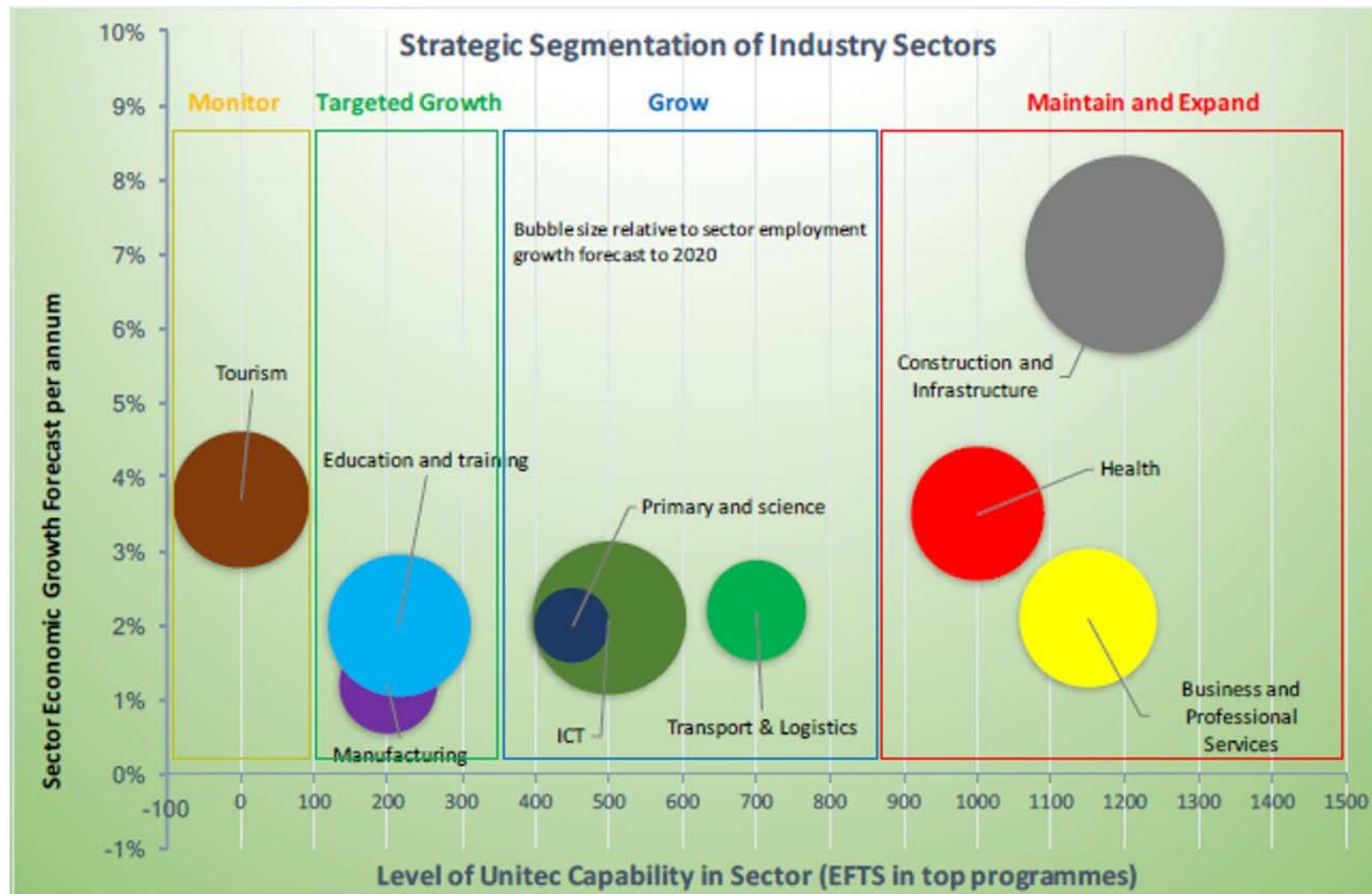


Figure 5: Strategic Segmentation of Auckland Industry Sectors based on current Unitec capabilities

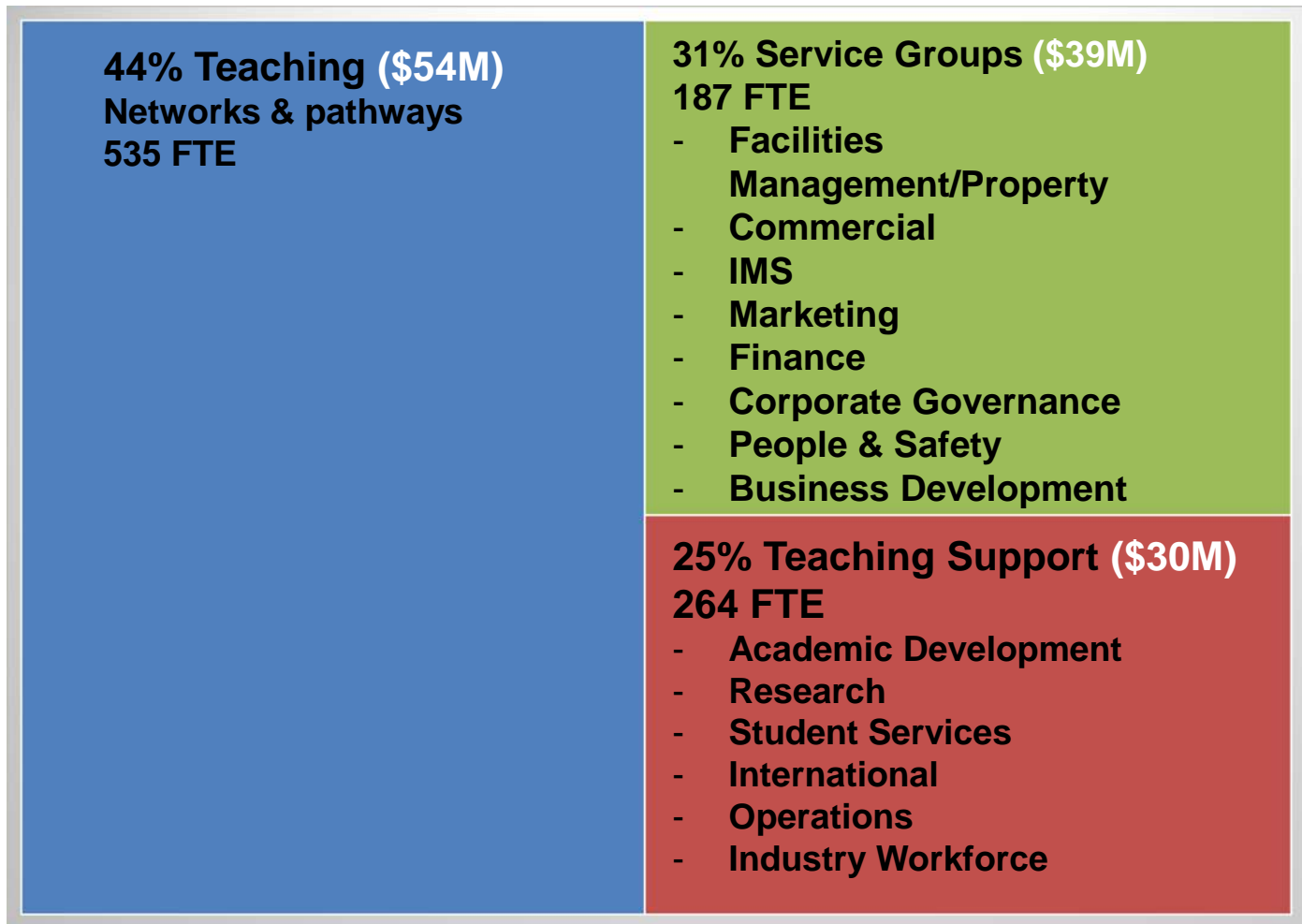
Progress towards 2020 financial viability

	Budget 2018	Committed savings	Revised 2018	2020	Need to find
EFTS	8,019		6,935	6,000	
Revenue	138m		120m	107m	
Expense	129m	6m*	123m	98m	25m (20%)
EBITDAR	9.1m		(2.4)	9m	
Transformation	13.1m	6.6m	6.5m	0	6.5m
Total expenses	142m	12.6m	129.5m	98m	31.5m

*90% from non-teaching areas










- Target savings from original 2018 budget: Teaching 20.5%; Teaching Support 23%, Services 26%
- Work on the basis that 20% is still to come from the revised budget for each area

Where \$123M currently goes (2018 revised budget)



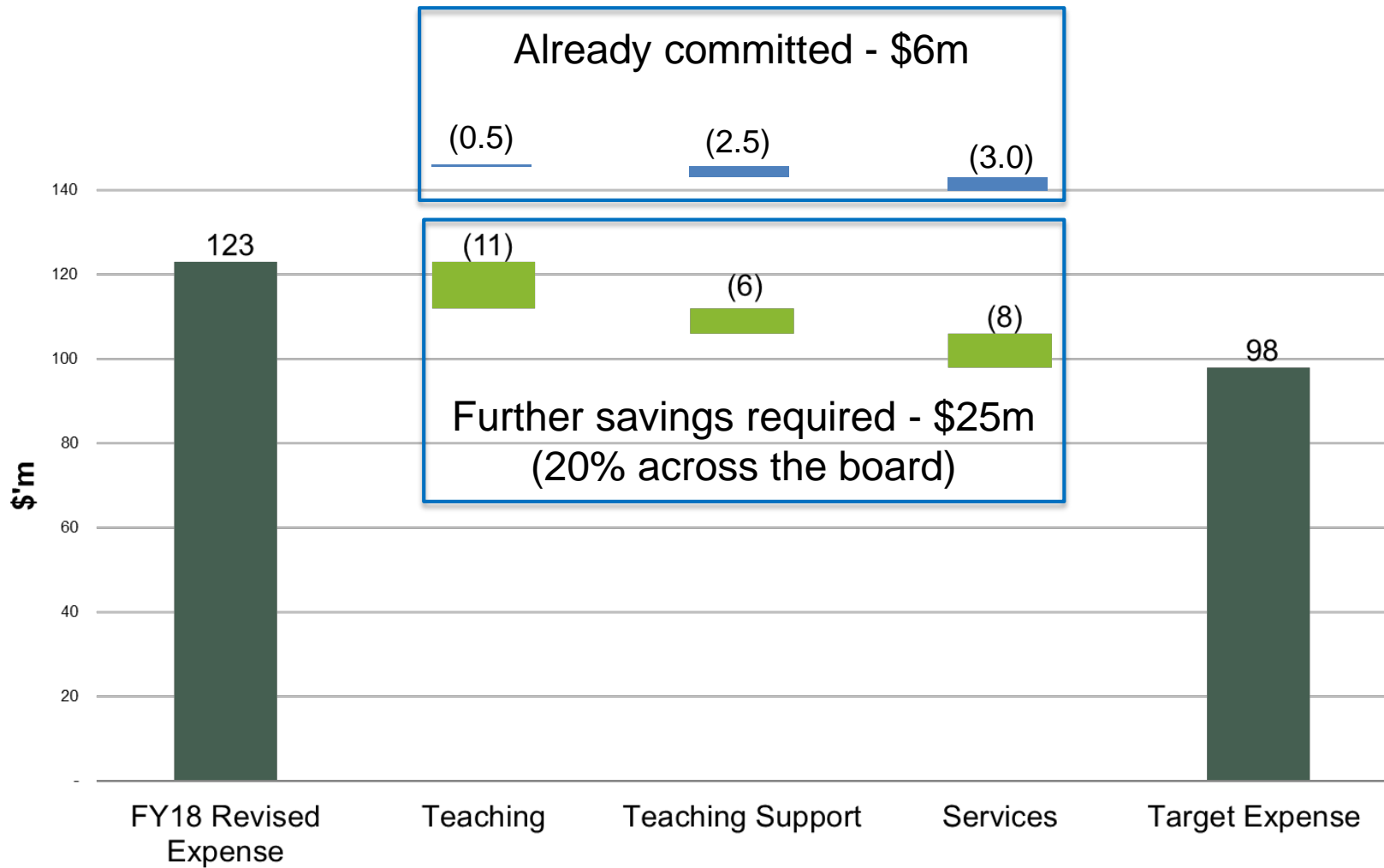
(Excludes \$3M IT leases recharged to capital expenditure)

How we compare - % of core revenue

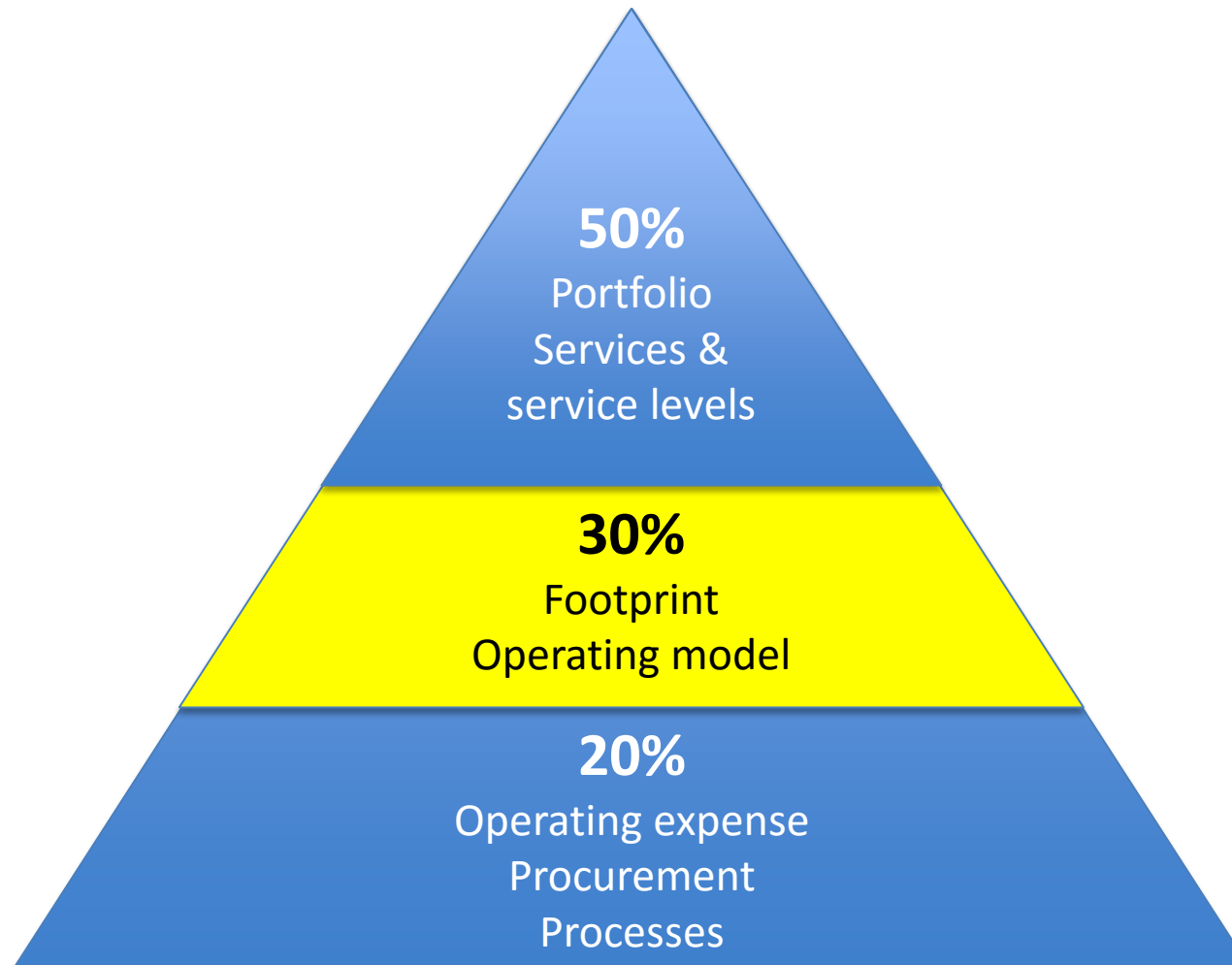
		Your Result	(2017 DRAFT) ITP Sector	(2017 DRAFT) Metro ITPs
Teaching & Research		47.9%	49.6%	48.5%
Library / LRC Services		2.9%	1.8%	1.8%
Student Services		3.1%	2.2%	2.2%
Student Administration		4.6%	3.8%	3.3%
IT Support		8.3%	6.5%	6.4%
Central Administration		14.3%	14.7%	13.1%
Marketing / Business Development		11.1%	8.6%	9.2%
Facilities		9.2%	7.4%	8.0%
Depreciation and Facilities Leases		11.9%	13.0%	12.5%
Total		113.3%	107.4%	104.9%

(Tribal 2017 data)

Where the savings will come from (\$25M)



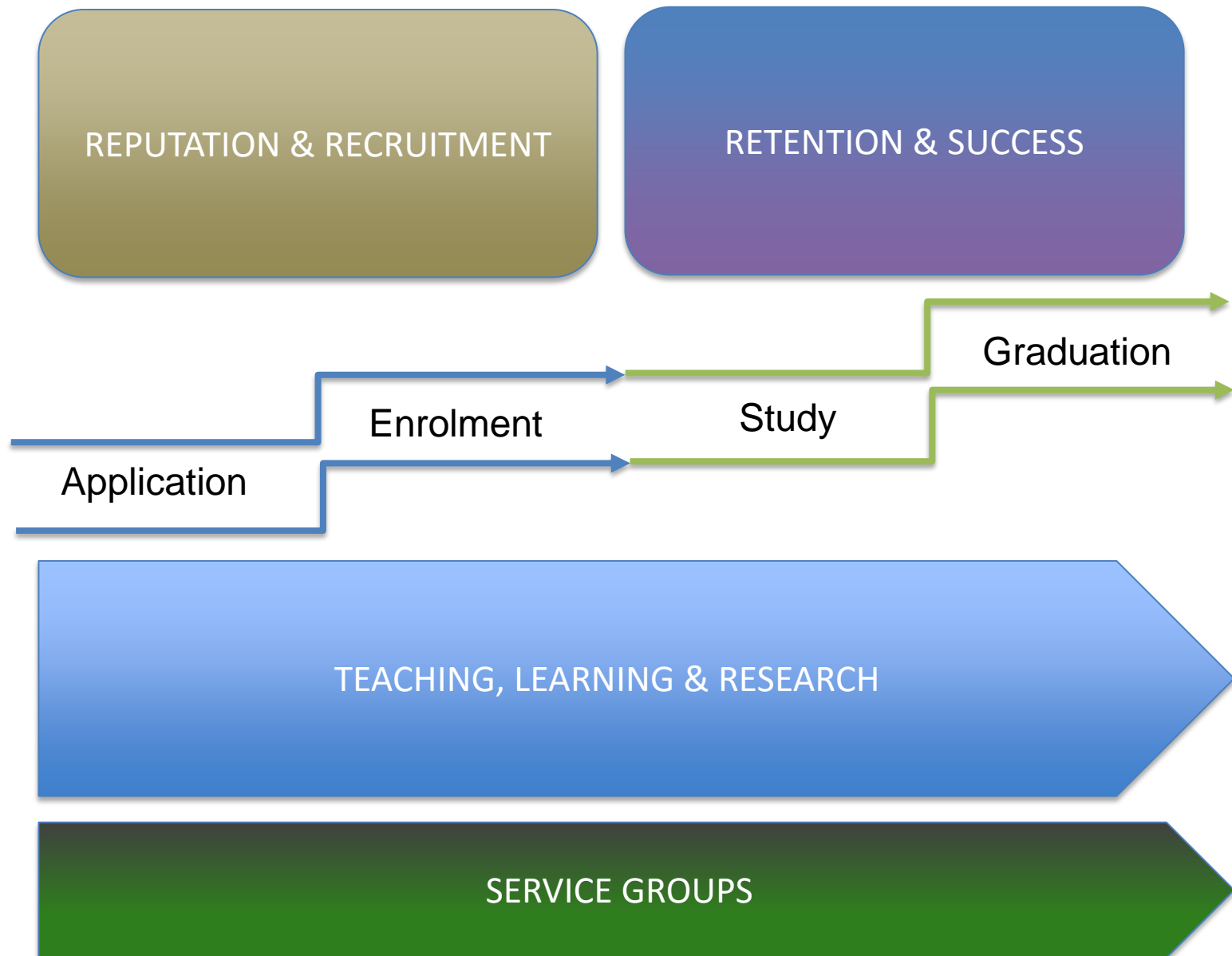
How savings will be achieved



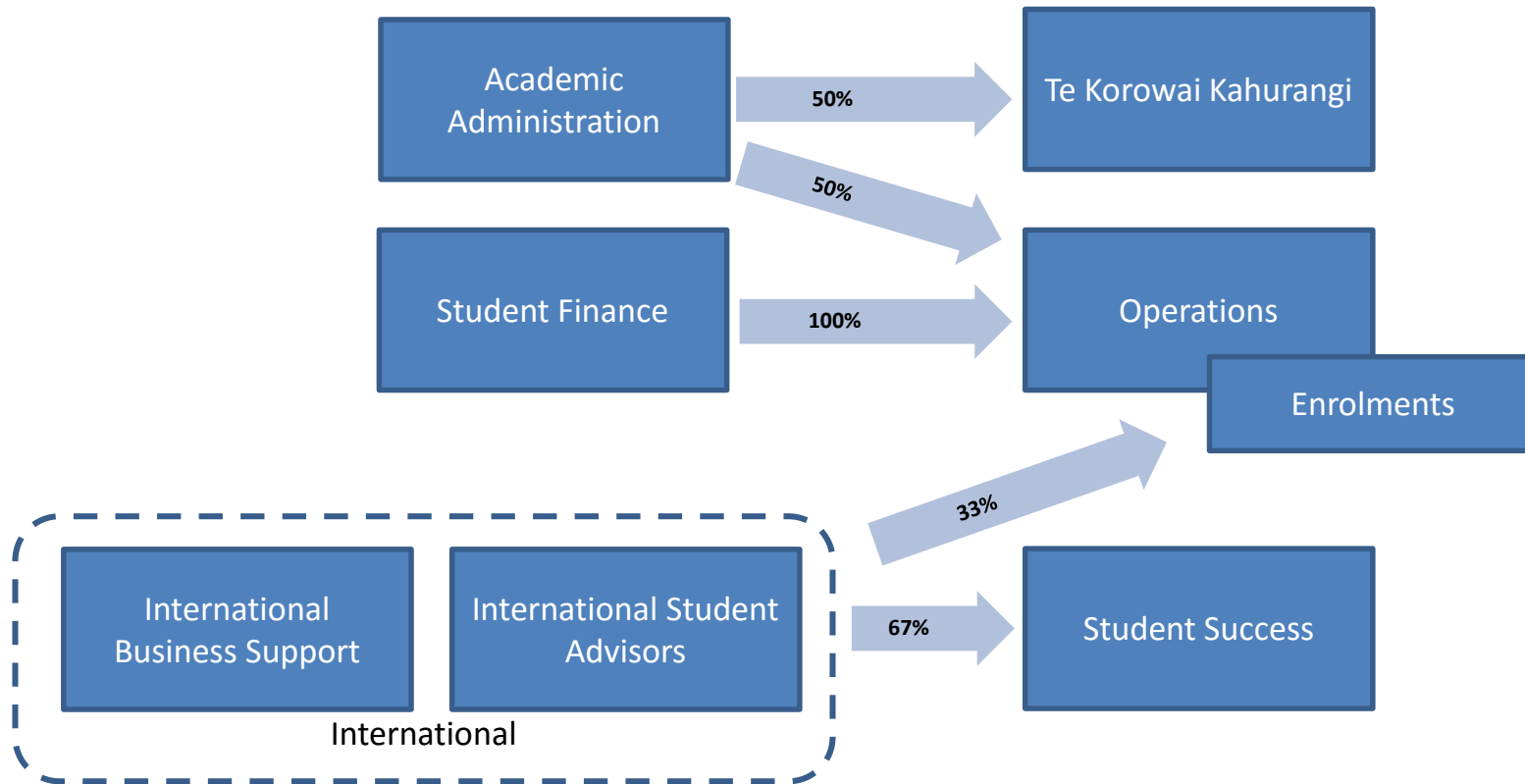
The approach to renewal

- Enhanced student focus – retention & success
- Continue increasing revenue through enrolments
- Changes to services – some stopped
- Changes to service levels – some reduced
- Changes to operating models to increase efficiency and revenue
- Roles and responsibilities clarified
- People and operating expenses reduced across the board
- Innovative ideas for new/different approaches are welcome e.g. external partnerships, course delivery

Operating model built around student journey

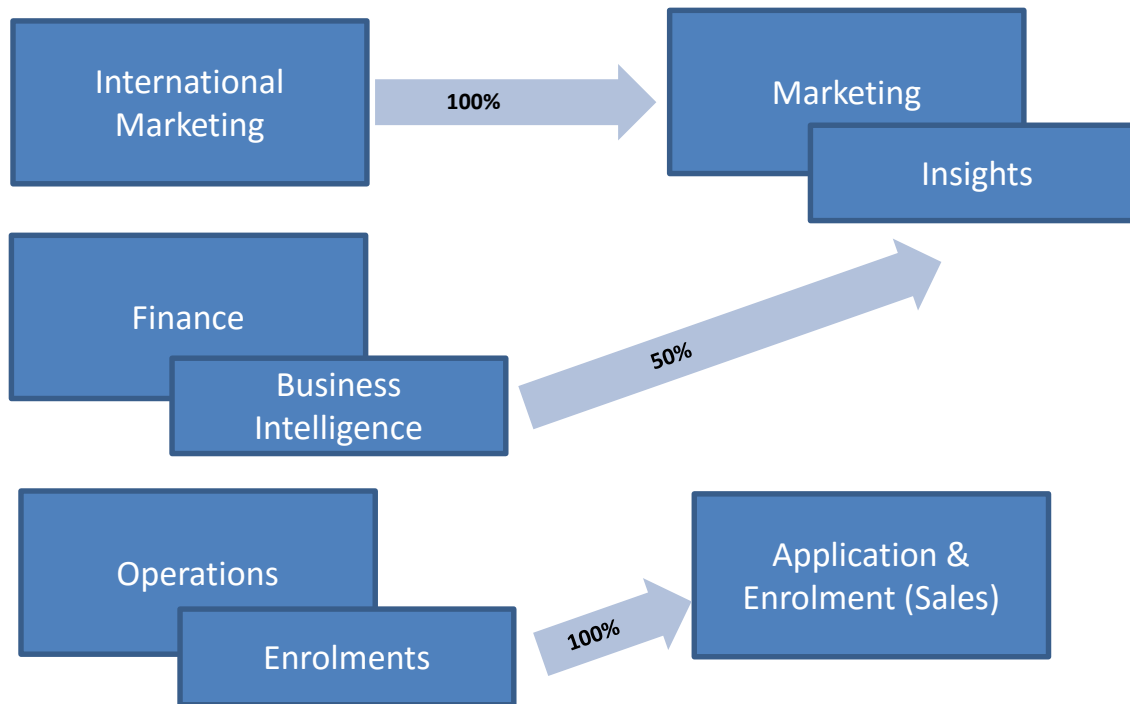


Phase 1 under way – ATOM*/Retention & Success



*Academic Target Operating Model

Phase 2 pending – Reputation & Recruitment



Proposed timeline:

Design & consultation - August

Change proposal & consultation - September

Decision – October

Implement change – by year end

Phase 2 pending – Services & Teaching Support

What are we going to

STOP? DEFER? CHANGE? GROW?

	2018 revised expenses	Savings committed	Savings to be made (20%)
Teaching Support	32,503,159	2,529,442	6,500,632
Service Groups	40,293,883	3,172,529	8,058,736
Total	72,797,042	5,701,971	14,559,368

Proposed timeline:

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Implement change - by year end

Phase 2 pending - Academic portfolio rationalisation

What are we going to

STOP? DEFER? CHANGE? GROW?

Network	2018 revised expenses	Savings Committed	Savings to be made (20%)
Business, Enterprise and High Technology			
Bridgepoint			
Construction, Infrastructure and Engineering			
Health, Community & Animal Science			
Te Miro			
Total	53,833,343	583,951	10,766,669

Proposed timeline:

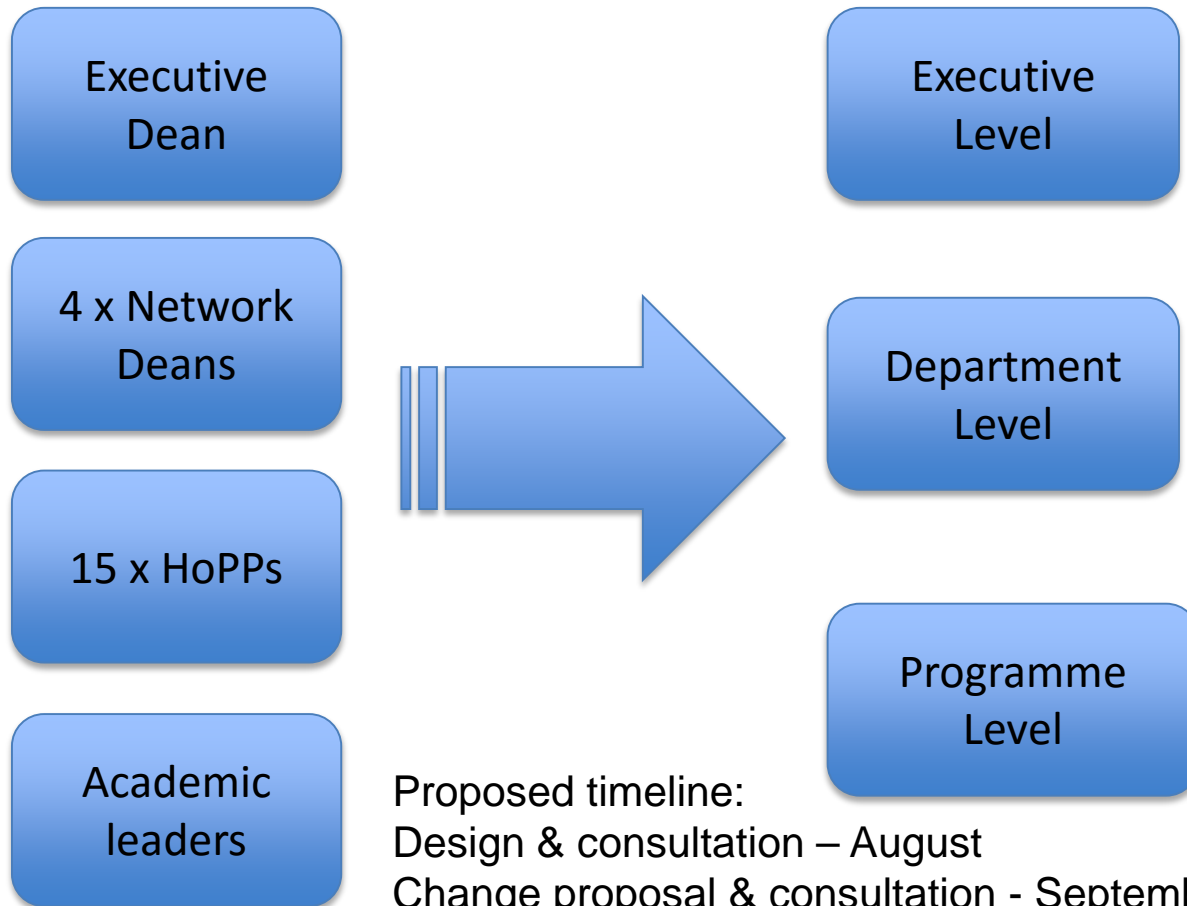
Detailed criteria for rationalisation to be shared – August 3

Proposed revision to academic portfolio to be shared – August 10

Full staff consultation around changes to follow

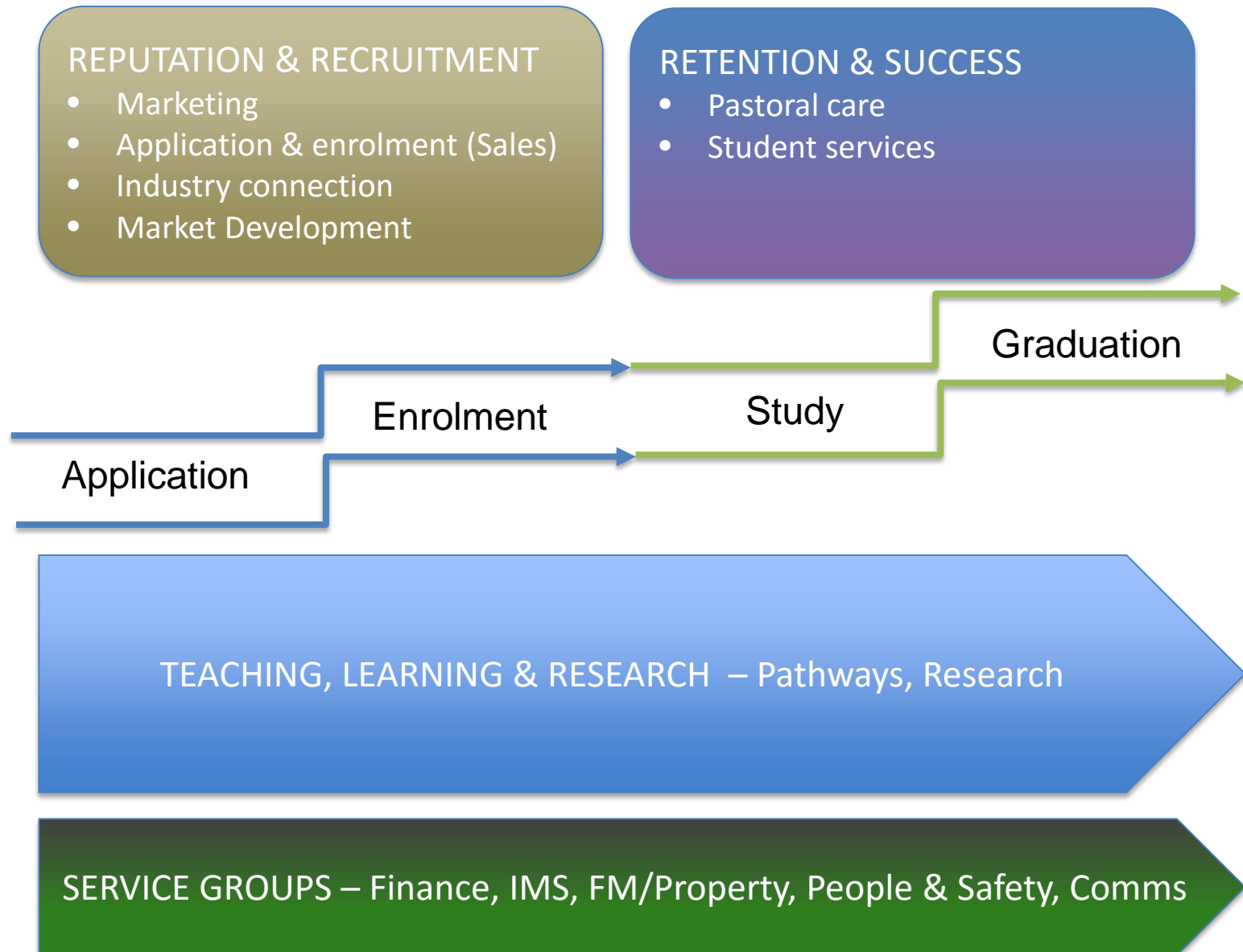
Phase 2 pending - Academic restructure

Aligning academic leadership plus support with purpose, size and need

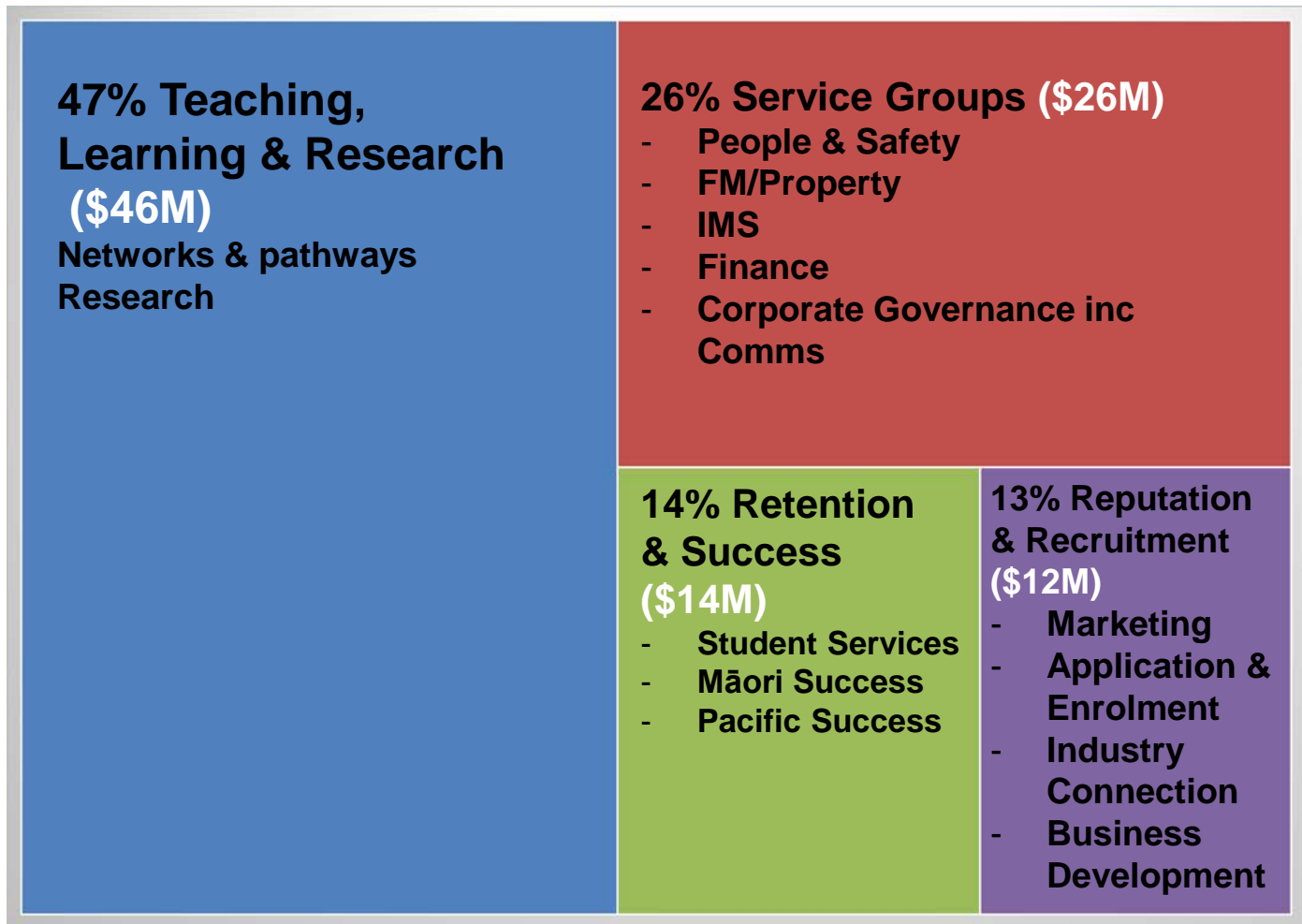


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Implement change – by year end

Operating model built around student journey




New financial model (\$98M) - final \$\$\$ TBC



Support

- Existing informal support systems – family, friends, colleagues and managers
- HR Business Partners
- Employee Assistance Programme - 0800 327 669
- Unitec Conciliator
- Tertiary Education Union
- TIASA Union



**Nāu te rourou
Nāku te rourou
Ka ora ai te iwi**

**With my basket and your
basket we thrive together**