

## Aide-Memoire: Tertiary Education Commission 2021/22 Quarter Two Performance Report

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<b>To:</b>	Hon Chris Hipkins, Minister of Education
<b>From:</b>	John Soulis, Deputy Chief Executive – Corporate & Finance
<b>Date:</b>	1 June 2022
<b>Reference:</b>	AM-22-00250

### Purpose

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1. This report provides you with the Tertiary Education Commission (TEC) Quarter Two Performance Report for the 2021/22 year.
2. We recommend that you release this report in full.

### Background

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3. We report quarterly to you on our performance. This report covers the period 1 October 2021 to 31 December 2021.
4. The Ministry of Education, as our lead monitor, will provide you with a separate report on our performance.
5. This report is late to you as we have been short staffed due to Covid impacts.

### The Quarter Two Performance Report

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6. The Quarter Two Performance Report covers our progress against our *Statement of Intent 2019/20-2022/23 (Sol)* and the *Statement of Performance Expectations 2021/22 (SPE)*.
7. It shows that the TEC is performing well and includes updates on the Reform of Vocational Education (RoVE), and our careers and learner success work.
8. It also includes updates on:
  - progress made against our four strategic goals:
    - Supporting all learners to succeed
    - Connecting educators and employers
    - Building provider capability and monitoring performance
    - Increasing research quality and capability
  - financial performance information, and
  - non-financial performance information.

## Our financial performance

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9. Overall grant spend is forecast to be \$3.897b. This is higher than last year's grant spend of \$2.614b. The majority of the increased spend is due to the accounting implications of guaranteeing TEO funding for 2020 in response to COVID-19, which resulted in us recognising the full 2020 calendar year expenses at 30 June 2020. This was a technical accounting issue that required the transfer of funding from 2020/21 to 2019/20 to resolve the issue.
10. Forecasting is again challenging this financial year for both TEOs and the TEC. Relatively high student demand is expected but it is difficult to forecast 2022 demand at this stage. We will keep a close watch on this as the financial year progresses.
11. We are under budget mainly because RoVE is under budget by \$2.1m. Timeframes for the recruitment of additional staffing in particular for the Unified Funding System implementation were extended to match design approval. We have also experienced difficulty in recruiting appropriately skilled staff in the current market, although timelines and deliverables have not been materially impacted.
12. Our early indication is that we will end the year with an operating deficit of between \$2.5m to \$3.6m against a budget deficit of \$4.0m. The final amount is mostly dependent on the revenue transfer to match the RoVE programme work plan and other uncertainties. The other uncertainties are mainly due to the ongoing impact of COVID-19 and potential impacts to fixed assets from recent changes to the recommended accounting treatment of some aspects of Software as a Service (SaaS) implementation costs.

## Our non-financial performance

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13. This quarter we only have new data for four of our non-financial Sol and SPE 2020/21 measures.
14. As at 31 December 2021 we were:
  - on track to meet one measure
  - not on track, but expected to achieve target by the end of the year, for one measure, and
  - had achieved two measures.
15. The measure not on track but expected to achieve target by the end of the year, relates to the number of system wide reviews completed.



**John Soulis**

Deputy Chief Executive, Corporate & Finance  
Tertiary Education Commission

1 June 2022



**Hon Chris Hipkins**

Minister of Education

14 / 07 / 2022

**Annex one: Tertiary Education Commission’s 2021/22 Quarter Two Performance Report**

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