



Aide-Memoire: Tertiary Education Commission 2022/23 Quarter Two Performance Report

To:	Hon Jan Tinetti, Minister of Education
From:	John Soulis, Deputy Chief Executive – Corporate & Finance
Date:	28 March 2023
Reference:	AM-23-00229

Purpose

1. This report provides you with the Tertiary Education Commission (TEC) Quarter Two Performance Report for the 2022/23 year.
2. We recommend that you release this report in full.

Background

3. We report quarterly to you on our performance. This report covers the period 1 October 2022 to 31 December 2022.
4. The Ministry of Education, as our lead monitor, will provide you with a separate report on our performance.

Quarter Two Performance Report

5. The Quarter Two Performance Report covers our progress against our *Statement of Intent 2022/23-2025/26* (SOI) and the *Statement of Performance Expectations 2022/23* (SPE).
6. 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.
7. It also includes updates on:
 - progress made against our four goals:
 - Equity and an inclusive society
 - An adaptable system
 - Build the right skills to succeed, and
 - Equip TEC for the future
 - financial performance information, and
 - non-financial performance information.

Our financial performance

8. Our operating deficit is \$2.9m less than budget YTD and we are forecasting to be \$1.3m under budget by financial year end. Core business savings due to vacancies were offset by additional contractors providing specialist support or covering vacancies. The impact of restructures meant an increase in vacancies which are on track to all being filled. Savings include depreciation due to timing of projects ending, and timing of ICT costs and projects and programmes including RoVE.
9. Our full year tertiary grants forecast for 2022/23 shows us \$44.3m under budget by financial year end, however until we get the April Single Data Return (SDR) information there is ongoing uncertainty. Our SDR funds (all the large volume funds excluding Industry Training Fund (ITF) and Fees Free) for the 2022 calendar year show a \$103.0m reduction compared to 2021, and \$108.0m of 2022 forecast recoveries. Demand for ITF remains high. This leads to \$25.4m of forecast underspends for 2022/23 in our multi-category appropriation (MCA). Our Fees Free forecasts show lower demand, partially offset by higher demand for the Training and Apprenticeship Fund. We forecast a \$21.4m underspend in Fees-free Payments.
10. Our strategic financial planning shows cost increases across all our main areas of spend. We have plans in place to ensure the cash balance doesn't reduce over the next two financial years and anticipate holding \$19m of cash at June 2025.

Our non-financial performance

11. This quarter we have new data for four of our non-financial SOI and SPE 2022/23 measures.
12. As at 31 December 2022, we were:
 - on track to meet three measures, and
 - one measure has no target, as it provides trend information only.



John Soulis

Deputy Chief Executive, Corporate & Finance

Tertiary Education Commission

28 March 2023



Hon Jan Tinetti

Minister of Education

06/04/2023



TE PŪRONGO MAHI MŌ TE HAUWHĀ TUARUA O 2022/23 2022/23 QUARTER TWO PERFORMANCE REPORT

EXECUTIVE SUMMARY

The Tertiary Education Strategy (TES) sets out the long-term strategic direction for tertiary education. Our strategic intentions have been designed to give effect to the TES.



Barrier-free access



Learners at the centre



Quality teaching & leadership



Future of learning & work



World-class education

KO Ō MĀTOU WHĀINGA RAUTAKI OUR STRATEGIC INTENTIONS



He porihanga tuwhera me te ʻōritetanga
Equity and an inclusive society

Work contributing to this strategic goal remained on track. Highlights for the quarter include:

- We partnered with key stakeholders to develop multiple resources and guidance on how to support disabled and neurodiverse learners, and
- Our Sector Reference Group completed consultation and made recommendations on the main design changes to Quality Evaluation 2026 that arise directly from Cabinet's policy decisions in 2024.

[More information on page 2](#)



He pūnaha urutau
An adaptable system

Work contributing to this strategic goal remained on track. We continue to closely monitor Te Pūkenga and its transformation. Highlights for the quarter include:

- Plan Guidance was developed, with advice from Workforce Development Councils and Regional Skills Leadership Groups informing its content
- we engaged TECs to support the implementation of the Unified Funding System, and
- we approved Te Pūkenga's High Priority Capital Plan and paid the first \$25m of \$40m in Crown capital funding.

[More information on page 3](#)



Te whai pūkenga tika kia angitu ai
Build the right skills to succeed

Last quarter this strategic goal was 'Amber' due to being marginally behind with delivery of key work for Tahatū. During this quarter we have brought this goal back on track with the successful delivery of Tahatū's increments one to four. Tahatū's will be delivered and launched in early 2024 as planned.

A highlight for the quarter was:

- the Inspiring the Future platform has 671 role models who are visible on the platform. This is 67% of our target of 1,000 for end-June 2023.

[More information on page 4](#)



Te whakarite kia takatū te TEC mō āpōpō
Equip TEC for the future

Work contributing to this strategic goal remains on track despite some ongoing challenges, such as COVID-19 continuing to have an impact, and labour market shortages for some of our vacant roles. Highlights for the quarter:

- we developed a Te Kākano tool to support our Te Tiriti o Waitangi commitments
- we continued to improve our cybersecurity maturity

[More information on page 5](#)

OVERVIEW OF OUR WORK ACROSS THE SECTOR – OUR LEARNERS & PARTNERS

Our Relationship Management – Investment Team are the listeners, talkers and connectors who keep learners at the centre, and support more than 60 TECs (with investment >\$5m) to deliver to all learners in line with the TES and TEC's objectives. Over the quarter they have:

- resumed face-to-face engagements following a long period of online meetings
- supported the 2023 investment and strategic component round by assessing investment plans/strategic intents, funding applications, attending panels, and communicating results
- led PTE peakebody meetings and university Planning Director meetings
- Supported the MoE and engaged extensively with Wānanga on the Te Hono Wānanga work programme, and
- engaged extensively with Te Pūkenga and Receiving Organisations.

Our Business and Partnership Team are the 'eyes and ears' of our customers and seek out opportunities for the TEC to engage in relevant collaboration and partnerships. Over the quarter they have:

- worked closely with iwi and the MoE to support the signing of Relationship Agreements between them and the Crown
- added the Pacific Work Connect Programme into their team
- supported the first Workforce Development Council (WDC) monitoring report to the Minister
- worked closely with the Regional Skills Leadership Groups and WDCs on their advice to support the TEC's investment priorities, and
- delivered Inspiring the Future presentations across the country, supporting the discussion around farming, dairy and technology industry jobs, and continued showcasing and building awareness of the National Careers System Strategy.

We continued to work with the five student associations to progress our partnership agreement for Whiria Ngā Rau, a gift from students to the sector, with ideas, challenges, and thoughts on how to live student partnership and create a truly learner-centric education system.

Given the summer holidays and student association elections during this period, progress has slowed. We met with several associations to draft a partnership agreement and an engagement approach for 2023. We are working to re-set the quarterly meetings between presidents and the Chief Executive for 2023.



Strategic Financial Planning

We are currently updating our operating five-year strategic financial plan. Our plan shows cost increases are not matched with increased funding and we continue to manage this ongoing challenge.

[More information on page 6](#)

HONOURING TE TIRITI O WAITANGI

Over the quarter:

- Wānanga legislative reforms progressed to Cabinet for its consideration. Agencies continue to engage with the three wānanga on a long-term funding solution.
- We agreed a co-chairing model for PBRF peer review panels and made honouring Te Tiriti o Waitangi and the Māori-Crown partnership key membership selection criteria.
- After engaging with Te Kahui Amokura, we agreed to ask the Māori Knowledge and Development panel, once appointed, to provide further advice on its proposed new name.

The inaugural Te Pihinga meeting was held and considered implications for operationalising the Unified Funding System (UFS). This is our internal Te Tiriti Design Centre, to offer specialist support and advice on Te Tiriti.

MAHINGA AHUMONI FINANCIAL PERFORMANCE

We are under budget and are forecasting to be under budget by year end:

- Operating:** Our forecast shows us \$1.3m under budget by financial year end. We are constantly reviewing our five-year strategic financial plan and continually adjusting our spending plans to live within our means and help manage upcoming financial headwinds.
- Grants:** Our forecast now shows us \$44.3m under budget by financial year end.



OUTCOME ONE

Equity and an inclusive society

He poihangā tuwhera me te ōritetanga

Our education, training and career pathways support equitable outcomes and an inclusive society



The Tertiary Education Strategy (TES) sets out the long-term strategic direction for tertiary education. Our strategy has been designed to give effect to the TES. This outcome aligns to the following TES Objectives:

- Barrier-free access
- Learners at the centre
- Quality teaching & leadership
- Future of learning & work
- World-class inclusive public education

OUR STRATEGIC PRIORITY

To make the biggest difference for this outcome our focus in the coming years will be to embed our **Ōritetanga Learner Success approach across the sector**. A key component of this work is to build the capability of TEOs to take a systematic, learner-centred approach to all aspects of their operation. The following is an update of the contributing programmes of work.

ŌRITETANGA LEARNER SUCCESS

Our goal is to achieve system level equity in participation and achievement for all tertiary learners. It is integral to the Tertiary Education Strategy, the new Unified Funding System and our strategic investment. Our commitment to learner success is fundamental to delivering on this goal.

During the quarter, we have confirmed a schedule of kanohi ki te kanohi (face-to-face) engagement workshops for each university and one wānanga. The purpose of the workshops is to agree a set of annual deliverables for each TEI's learner success approach.

We are still in the process of confirming workshops with Te Pūkenga and two wānanga. In partnership with the sector, we released two new resources to support sector capability: e-learning modules to support the use of Kia Ōrite (via the Achieve website) and guidance on care experienced learners (via the TEC website). We held the release of the updated diagnostic tool until February to better align with the publication of Plan Guidance.

BUILDING SECTOR CAPABILITY

Building sector capability in learner success requires a holistic focus on leadership, data and interventions. During the quarter we:

- Individually met with each TEI to provide high level feedback on LSPs and DAPs
- Held two capability sessions as part of our community of practice work
- Partnered with key stakeholders to develop multiple resources and guidance on how to support disabled and neurodiverse learners, including those with ADHD, autism and e-learning modules for Kia Ōrite, and
- Provided Ngā Kete training to Auckland secondary schools so they could track their learner's transitions from secondary to tertiary.

CAREERS FUNCTION

Throughout the quarter engagement was undertaken with key priority group stakeholders to preview the National Careers System Strategy ahead of its release, and to discuss what needs to be considered for the planning and implementation phase.

Key stakeholders included:

- by Māori for Māori careers services
- Pacific peoples careers community
- representatives for disabled people, and
- Government stakeholders representing priority groups.

INVESTMENT FUNCTION

Learner Success is at the heart of our investment cycle.

During the quarter we:

- provided university equity leads and wānanga specific feedback on their learner success and disability action plans, and
- began working with the Minister to progress work to set up the Tūwhiriā Learner Success fund – a dedicated fund to drive learner success within the TEOs.

PERFORMANCE BASED RESEARCH FUND (PBRF)

During this quarter, our Sector Reference Group completed consultation and made recommendations on the main design changes to Quality Evaluation 2026 that arise directly from Cabinet's policy decisions in 2021.

This included looking at panel membership, working methods, and assessment criteria, as well as management of individual circumstances. The TEC made in-principle decisions to accept the SRG's proposed options in each of these areas.

These changes will operationalise Cabinet's direction to improve equity outcomes in the Quality Evaluations and reflect the new PBRF principles around upholding our Te Tiriti o Waitangi obligations and Māori-Crown partnership.

We also sought nominations for panel co-chairs and initial panellists, and began consultation on technical matters.



This work delivers on the following requirements from the Minister's LOE:

- 1
- 2
- 3
- 6



This work delivers on the following requirements from the Minister's LOE:

- 1
- 2
- 3
- 7



For panel co-chairs and initial panellists

This work delivers on the following requirements from the Minister's LOE:

- 1
- 2
- 3
- 7

HOW WE MEASURE OUR PERFORMANCE

Our strategic priority programmes of work and core business activities are key contributors to the outcome **Equity and an inclusive society**. However, we operate in a dynamic environment with a number of external factors outside of our control.

The following performance information has been used to illustrate progress towards the outcome to which our work is a contributing factor.

SOI Measures

To evidence the building of a tertiary education and careers system that helps shape an equitable and inclusive society we have the following three measures.

The movement of underserved groups' outcomes towards parity with everyone else:

Metric	Desired trend
1. Number of tertiary education organisations achieving Learner Success progress measures or targets	▲
2. Year 1 retention rate parity between underserved learners and other learners in the tertiary system	▲
3. Parity between educational outcomes of underserved learners and other learners in the tertiary system	▲

Performance is reported annually in our Annual Report.

SPE Measures

More detail on how we assess our performance is also provided in our Statement of Performance Expectations (SPE). In our current SPE we have 17 performance measures that align and track progress towards this outcome. Two measures will be reported quarterly, with the remaining 15 reported annually in our Annual Report. Progress against our quarterly measures is reported in the appendix of this report.

Alignment to the Minister's Letter of Expectations

- | | |
|--------------------------------------|---|
| 1. Te Tiriti o Waitangi (Te Tiri) | 7. Progress in tertiary education |
| 2. Tertiary Education Strategy (TES) | 8. Monitoring TEOs |
| 3. Equity | 9. Focus on the tertiary & careers system |
| 4. COVID-19 | 10. Operational expectations |



OUTCOME TWO

An adaptable system

He pūnaha urutau

We have an adaptable tertiary education system that serves the needs of Aotearoa New Zealand now and in the future



The Tertiary Education Strategy (TES) sets out the long-term strategic direction for tertiary education. Our strategy has been designed to give effect to the TES. This outcome aligns to the following TES Objectives:

- Barrier-free access
- Learners at the centre
- Quality teaching & leadership
- Future of learning & work
- World-class inclusive public education

OUR STRATEGIC PRIORITIES

- To make the biggest difference for this outcome we have three strategic priorities as our focus in the coming years.
 - Unify the **vocational education and training system** to ensure learners, vocational education providers, employers and industry are fit for today's needs and tomorrow's expectations.
 - Shift to a **learner-centred investment system** where we will develop an investment system that is outcome-driven and focuses on learners, whānau and communities.
 - Make it easier to **upskill or change pathways** where we will invest in flexible learning options and support so people can transition between work and learning throughout their lives.
- The following is an update of the contributing programmes of work.

ROVE PROGRAMME (incl. UFS)

- RoVE continues to be on-track to deliver all key milestones on time. During the quarter:
- We consulted with the three remaining Transitioning Industry Training Organisations to close these out.
 - The RoVE Programme Board have proposed and refined a model for ongoing VET outcomes leadership to be presented to the Minister's office by the end of April. Key partners and stakeholders from across the sector have been engaged in the development process.
 - Closure of the RoVE programme and associated disestablishment of RoVE governance is due to be completed by 30 June 2023.
 - PTEs funded in 2023 under Strategic Funding have been made public. \$3m remains and will be allocated via a targeted approach.
 - Wānanga sought extensions. Their Programme Development and Maintenance applications are being assessed and due to go to the TEC board in March. Te Pūkenga's strategic component investment, which required additional information, has been assessed and is to be considered by the TEC Board this month.
 - Work continues on engagement with TEOs to support detailed planning to refresh the TEC data system landscape. This supports the implementation of the Unified Funding System (UFS). The changes being planned will unify the collection of the data that TEOs and student and training management system (SMS) vendors provide across our data collection applications.

MONITORING TEOs

We continued to monitor Te Pūkenga and have advised the Minister of Education on its Programme Business Case and approval of its Single Stage Business Case to access up to \$16m in Crown funding for key systems.

We approved Te Pūkenga's High Priority Capital Plan and paid the first \$25m of \$40m in Crown capital funding.

We undertook engagements with PTEs financially impacted by the introduction of the UFS, or otherwise considered at risk on the risk register, to understand how they are responding, and where additional monitoring and engagement will be needed into 2023.

INVESTMENT FUNCTION

The Investment Round for 2023 is in full flight and work has continued for the 2024 Investment Round.

During the quarter we:

- Sought advice from Workforce Development Councils (WDCs) and Regional Skills Leadership Groups (RSLGs) on the broader priorities for investment for 2024.
- Developed Plan Guidance, with WDC and RSLG advice informing its content.
- Sent out Confirmation of Funding letters to all TEOs, except except Te Pūkenga and those who have a right of response.
- Received, assessed and provided advice to Ministers on Te Pūkenga's Programme Business Case and request to retain unspent funding.
- Briefed ELT on compliance issues occurring across the sector and our planned response.
- Supported the Minister by responding to parliamentary questions, OIAs, pieces of correspondence, and information requests.
- Notified Parse Education and Training of our decision not to fund the Organisation in 2023.
- Approved Te Pūkenga's High Priority Capital Plan and paid the first \$25m of \$40m in Crown capital funding.

11 TITOs successfully transitioned

This work delivers on the following requirements from the Minister's LOE:



12 audits conducted

This work delivers on the following requirements from the Minister's LOE:



11,638 (+2,319 from 2021)

Number of customer enquiries we received regarding Fees Free

This work delivers on the following requirements from the Minister's LOE:



HOW WE MEASURE OUR PERFORMANCE

Our strategic priority programmes of work and core business activities are key contributors to the outcome **An adaptable system**. However, we operate in a dynamic environment with a number of external factors outside of our control.

The following performance information has been used to illustrate progress towards the outcome to which our work is a contributing factor.

SOI Measures

To evidence the creation of an adaptable, resilient, and connected system that meets the needs of Aotearoa New Zealand and New Zealanders, now and in the future, we have the following two measures.

System accessibility, resilience, and connectedness:

Metric	Desired trend
4. Collaboration behaviours between tertiary education organisations and with employers, iwi and communities on issues affecting sector performance	▲
5. Confidence in provider and employer network to deliver sustainable provision	▲

Performance is reported annually in our Annual Report

SPE Measures

More detail on how we assess our performance is also provided in our Statement of Performance Expectations (SPE). In our current SPE we have **14** performance measures that align and track progress towards this outcome. **Two** measures will be reported quarterly, with the remaining **12** reported annually in our Annual Report. Progress against our quarterly measures is reported in the appendix of this report.

Alignment to the Minister's Letter of Expectations

- | | |
|--------------------------------------|---|
| 1. Te Tiriti o Wāhanga (Te Tiriti) | 7. Investment in Tertiary Education |
| 2. Tertiary Education Strategy (TES) | 8. Monitoring TEOs |
| 3. Equity | 9. Skills in the tertiary & crisis system |
| 4. COVID-19 | 10. Operational expectations |

OUTCOME THREE

Build the right skills to succeed

Te whai pūkenga tika kia angitu ai

The careers system supports everyone to gain the skills, knowledge and pathways to succeed, so people, employers and communities can thrive

The Tertiary Education Strategy (TES) sets out the long-term strategic direction for tertiary education. Our strategy has been designed to give effect to the TES. This outcome aligns to the following TES Objectives:



Learners at the centre



Quality teaching & leadership



Future of learning & work

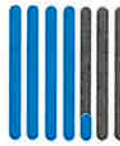
OUR STRATEGIC PRIORITY

To make the biggest difference for this outcome our focus in the coming years will be to **build an integrated careers response**. A key component of this work is to partner with stakeholders to develop information, advice and guidance to empower every person to find their pathway to meaningful training, education or work. The following is an update of the contributing programmes of work.

TAHATŪ

Over the quarter we saw the successful delivery of increment four:

- Tahatū was extended to a total of seven delivery increments in December 2022 to enable delivery of additional functionality identified as critical to the programme.
- The programme is tracking successfully to the revised delivery plan and launch of Tahatū early in calendar year 2024.



Four of seven increments successfully delivered.

This work delivers on the following requirements from the Minister's LOC



INSPIRING THE FUTURE

Inspiring the Future (iF) activities continued to accelerate over the quarter:

- The platform has 671 live role models who have completed their criminal record check and are visible on the platform. This is 67% of our target of 1,000 for end-June 2023.
- 212 schools have signed up (85% of our target of 250). 117 events have been completed, scheduled, or drafted (94% of our target of 160).
- Inspiring Food and Fibre Futures in Schools* events were held in November. Attendance was high, and we received great feedback. The events have contributed to many role models signing up to the iF program.



671 role models are visible on the platform. This is 67% of our target of 1,000 by end-June 2023.

This work delivers on the following requirements from the Minister's LOC



DEVELOPMENT OF NATIONAL CAREERS SYSTEM STRATEGY

The development of the National Careers System Strategy (NCSS) continued to progress over the quarter:

- The draft NCSS was presented to the TEC Board and EET Ministerial Group in October and members gave their support to progress the NCSS for final approval.
- We received endorsement from the Minister to seek Cabinet approval for the NCSS.

Whilst we prepared the NCSS for the Cabinet approval process, we also:

- continued engaging with key stakeholders and priority groups by presenting a preview of key elements of the NCSS, and
- started developing the strategy into a launch-ready document, alongside resources to support engagement with and understanding of the NCSS, for use upon public release.



This work delivers on the following requirements from the Minister's LOC



CAREERS FUNCTIONS

The VET marketing campaign continues to see good engagement:

- Total on-site engagements are now sitting at just over 2.3 million interactions.
- The campaign video has now been watched to completion more than 12.9 million times.



VET marketing campaign – on-site engagements

This work delivers on the following requirements from the Minister's LOC



Alignment to the Minister's Letter of Expectations

- Te Whai Pūkenga: Te Whai Pūkenga
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HOW WE MEASURE OUR PERFORMANCE

Our strategic priority programmes of work and core business activities are key contributors to the outcome **Build the right skills to succeed**. However, we operate in a dynamic environment with a number of external factors outside of our control.

The following performance information has been used to illustrate progress towards the outcome to which our work is a contributing factor.

SOI Measures

To evidence the careers system supports everyone to gain the skills, knowledge and pathways to succeed, so people, employers and communities can thrive

The system ensures learners are ready for the future:

Metric	Desired trend
6. Feedback from New Zealanders on the usefulness of careers information to assist with education and career related decision making	▲
7. Percentage of learners who experience positive post-study outcomes within the first one to three years of graduation	▲

Performance is reported annually in our Annual Report

The system provides employers and communities with the skills they need:

Metric	Desired trend
8. Number of employers and learners involved in work-integrated learning	▲
9. Employer/industry feedback on relevance and consistency of graduate skills	▲

Reporting will be available for our 2023/24 Annual Report

SPE Measures

More detail on how we assess our performance is also provided in our Statement of Performance Expectations (SPE). In our current SPE we have 19 performance measures that align and track progress towards this outcome. Five measures will be reported quarterly, with the remaining 14 reported annually in our Annual Report. Progress against our quarterly measures is reported in the appendix of this report.

OUTCOME FOUR

Equip TEC for the future

Te whakarite kia takatū te TEC mō āpōpō

To be an insight-driven and culturally affirming agency



The Tertiary Education Strategy (TES) sets out the long-term strategic direction for tertiary education. This internal outcome underpins our three external outcomes and, as such, supports the delivery of all of the TES objectives:

- Barrier-free access
- Learners at the centre
- Quality teaching & leadership
- Future of learning & work
- World-class inclusive public education

OUR STRATEGIC PRIORITY

Thriving TEC - to make the biggest difference for this outcome our focus in the coming years will be on investing and growing our people so we are more learner-centric, equity-minded and culturally affirming. The TEC has a significant role in the tertiary education system, providing funding, information and guidance to tertiary education organisations, and careers support to learners and their whānau. The TEC needs to manage all of these functions in ways that consider the impact on learner outcomes and avoids inadvertently creating barriers to system-wide equity. That means that the TEC itself needs to develop an intentionally learner-centric focus.

HE MARAE TANGATA

We are on track to pilot the individual capability framework and self-assessment questionnaire (called Te Kāpehu) and resources with three teams on 28 February 2023.

During the quarter, we drafted and developed a Te Kāhano tool for corporate functions (a set of question prompts). Te Kāhano will be rolled out to the wider organisation as a resource to support our He Marae Tangata and our Te Tiriti o Waitangi commitments.

Individual capability framework in 3 areas of:

- learner centric
- culturally affirming, and
- equity minded

This work delivers on the following requirements from the Minister's COE:



GENDER AND ETHNICITY PAY GAP

We have completed our analysis of pay data from 30 June 2022. The analysis was published on our website in December 2022. We have an overall gender pay gap of 11.7%.

While women are represented across the organisation, they are over-represented in the lower-paid grades. Women are well represented in the higher general staff grades but significantly under-represented in the higher IT pay grades. These two factors appear to be the key drivers in TEC's overall gender pay inequity of 11.7%.

We have developed an action plan to address pay inequities found and to ensure that our policies, procedures and systems reflect Kia Toipoto guidance provided by the PSC. This document will be combined with our workforce and pay information and published as the complete action plan by the 28 April 2023.

INFORMATION AND TECHNOLOGY

During the quarter, we continued working on improving our cybersecurity maturity:

- We have had 96% of our staff complete initial cybersecurity training using our training platform Cúrious
- We established our approach to further increasing staff cybersecurity awareness through phishing simulations and additional training
- We began planning for an outside organisation to offer cybersecurity training and insights for all staff.

During the quarter, we also completed enhancements to one of our key collection systems (the Industry Training Register) to provide an ongoing solution for work-based learning until a long-term solution for UFS is deployed.

SPOTLIGHT – Reporting on Te Kāhano

The TEC has made a number of commitments to honour Te Tiriti o Waitangi. These were agreed by the Board and launched as part of the TEC's organisational strategy.

The Te Kāhano tool has been developed to ensure we bring these commitments to the fore of how we go about our work.

70 staff

Attended the initial Te Tiriti training session

MANAGING RISK

We have continued to develop a deeper understanding of the strategic risk profile.

- For each of the seven risks, controls and treatments have been detailed and a level of risk (risk rating) determined.
- Seven potential areas of emerging risk ('watching briefs') have been identified, our ELT will regularly review these and update the register accordingly.
- Operational risk registers are currently being reviewed as a part of the business planning processes.

11.7% gender pay gap

This work delivers on the following requirements from the Minister's COE:



This work delivers on the following requirements from the Minister's COE:



PRIVACY

We are launching a suite of privacy and security videos that discuss email incidents and will help to bring privacy and security topics back into focus.

We have also begun engaging with key business units to offer privacy training.

WELLBEING

Staff wellbeing continues to be a focus, but COVID-19 continues to impact the business, with 46 staff affected during the quarter.

46 staff impacted by COVID-19

This work delivers on the following requirements from the Minister's COE:



FINANCIAL PERFORMANCE

FINANCIAL SUSTAINABILITY

We are constantly monitoring our finances through our ongoing five-year strategic financial plan.

The plan gives us visibility into how making prudent decisions now, and continually adjusting our spending plans to live within our means, can help manage upcoming financial headwinds.

Despite the decisions we have made, we still expect to small deficits over the five-year period.

OPERATING PERFORMANCE

Our deficit is \$2.9m less than budget YTD. Our full year forecast shows us \$1.3m under budget by financial year end.

Savings include depreciation due to timing of projects ending, and timing of ICT costs and projects and programmes including ROVE.

We are 50% through the year but have only spent 48% of our budget



Core business savings due to vacancies were offset by additional contractors providing specialist support or covering vacancies. We are closely monitoring our contractor spend.

GRANT PERFORMANCE

We now expect our year end grants spend to be around \$44.3m less than budget, with a surplus of \$25.4m in the multi-category appropriation (MCA) and \$21.4m in Fees-free Payments.

Additional information is included in Appendix A.



FINANCIAL PERFORMANCE

We are currently under budget and are forecasting to be under budget for the full year.

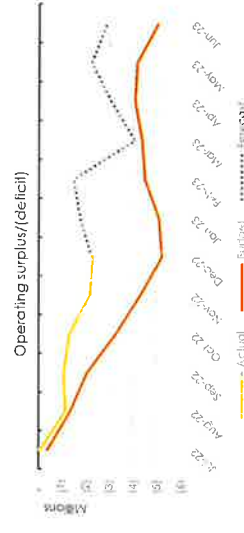
- **Operating:** our deficit is \$2.9m less than budget YTD. Our full year forecast shows us \$1.3m under budget by financial year end.
- **Grants:** our spend is \$87.2m less than budget. Our full year forecast shows us \$44.3m under budget by financial year end.

OPERATING PERFORMANCE

Our deficit is \$2.9m less than budget YTD and we are forecasting to be \$1.3m under budget by financial year end.

Core business savings due to vacancies were offset by additional contractors providing specialist support or covering vacancies. The impact of restructures meant an increase in vacancies which are on track to all being filled.

Savings include depreciation due to timing of projects ending, and timing of ICT costs and projects and programmes including RoVE.



FINANCIAL POSITION

Current assets and liabilities are higher than budget as we have accrued \$121.2m of forecast wash-ups for the 2022 year. This is partially offset by a lower tertiary grants accounting adjustment than originally budgeted.

Statement of Financial Position		10/23	10/23	10/23	10/23
As at 31 December 2022		Actual	3Y Budget	3Y Average	Forecast
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets		443,389	370,410	677,213	625,994
Non-current assets		26,625	29,979	35,927	27,985
Total assets		470,014	400,389	713,140	653,979
LIABILITIES					
Current liabilities		370,476	276,773	583,858	534,701
Non-current liabilities		1,278	1,507	1,283	1,274
Total liabilities		371,754	278,280	585,141	535,975
EQUITY		118,260	122,109	127,999	118,004

GRANTS PERFORMANCE

Our full year forecast for 2022/23 shows us \$44.3m under budget by financial year end, however until we get the April Single Data Return (SDR) information, there is ongoing uncertainty.

Our SDR funds (all the large volume funds excluding Industry Training Fund (ITF) and Fees Free) for the 2022 calendar year show a \$103.0m reduction compared to 2021, and \$108.0m of 2022 forecast recoveries. Demand for ITF remains high. This leads to \$25.4m of forecast underspends for 2022/23 in our multi-category appropriation (MCA).

Our Fees Free forecasts show lower demand, partially offset by higher demand for the Training and Apprenticeship Fund. We forecast a \$21.4m underspend in Fees-free Payments.

Grants revenue & expenses		10/23	10/23	10/23	10/23
As at 31 December 2022		Actual	3Y Budget	3Y Average	Forecast
		\$'000	\$'000	\$'000	\$'000
REVENUE					
Crown revenue		1,498,189	1,586,018	3,862,107	3,817,814
Prior year recoveries		275	1,000	2,000	456
Interest		900	200	400	1,860
Total revenue		1,499,364	1,587,218	3,864,507	3,820,130
Less revenue administered by MOE		(2,943)	(3,560)	(8,129)	(8,128)
Total revenue administered by TEC		1,496,421	1,583,658	3,856,378	3,812,002
EXPENSES					
Tertiary Tuition and Training MCA		-	16,000	16,000	16,000
Access to and Success in Tertiary Education		5,265	8,211	73,229	90,461
Foundation and Community Education		85,553	120,601	292,741	233,277
Tertiary Education: Qualification Delivery		956,847	964,258	2,514,393	2,551,273
Total Tertiary Tuition and Training MCA		1,047,718	1,098,070	2,880,343	2,885,011
Centres of Research Excellence		24,900	24,900	49,800	49,800
Establishment of a Single National Vocational Education Institution		-	16,000	16,000	16,000
Fees-free Payments		193,315	210,140	387,135	365,694
Secondary-Tertiary Interface (Voc Education)		16,529	16,145	31,250	32,690
Strategic Funding for National and Regional Priorities		-	1,400	39,516	39,516
Support for Wānanga		3,000	12,000	23,000	24,000
Tertiary Education Research and Research-based Teaching		157,500	157,500	315,000	315,000
Tertiary Scholarships and Awards		5,692	6,308	20,413	20,413
Tertiary Sector / Industry Collaboration projects		13,657	13,875	30,271	30,331
University-led Innovation		3,377	2,180	4,359	4,359
Workforce Development Councils		32,500	32,500	65,000	65,000
Total expenses		1,496,189	1,586,018	3,862,107	3,817,814
Less expenses administered by MOE		(2,943)	(3,560)	(8,129)	(8,128)
Total expenses administered by TEC		1,493,246	1,582,458	3,854,978	3,809,686
Surplus/(deficit)		1,175	1,200	2,400	2,316

FINANCIAL SUSTAINABILITY

Our strategic financial planning shows cost increases across all our main areas of spend. We have plans in place to ensure the cash balance doesn't reduce over the next two financial years and anticipate holding \$20m of cash at June 2025.



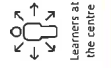
TE PŪRONGO MAHI MŌ TE HAUWHĀ TUARUA O 2022/23 2022/23 QUARTER TWO PERFORMANCE REPORT

APPENDIX B – MEASURE RESULTS

The Tertiary Education Strategy (TES) sets out the long-term strategic direction for tertiary education. Our strategic intentions have been designed to give effect to the TES.



Barrier-free access



Learners at the centre



Quality teaching & leadership



Future of learning & work



World-class inclusive public education

KO Ō MĀTOU WHĀINGA RAUTAKI OUR STRATEGIC INTENTIONS

QUARTER TWO 2022/23 PERFORMANCE MEASURE RESULTS

We only report progress on measures where we have new data. This quarter we report on four of our measures.



He porihanga tuwhera me te ōritetanga
Equity and an inclusive society



He pūnaha urutau
An adaptable system

Sector output measures:

Measure	Actual year to date	Target 2022	Actual 2021
Number of fees-free first-time learners	32,788 (Note 1)	(no target, trend info only)	38,717
Number of learners in Targeted Training and Apprenticeship Fund-eligible apprenticeships	80,435 (Note 2)	At least 77,595	77,835

TEC output measures:

Measure	Actual as at 30/09/22	Target 2022/23	Actual 2021/22
Percentage of Tertiary Education Institutes' council members and support staff attending our governance seminars who agree that they gained relevant knowledge to apply to their work	100% (Note 3)	At least 94%	100%
Percentage of payments the TEC makes to tertiary education organisations that are made within agreed timeframes	99.99%	99.50%	99.95%

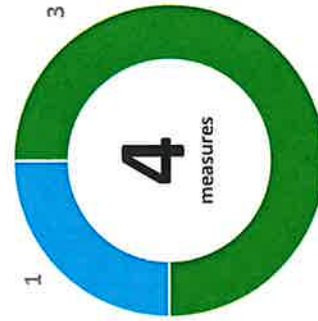
Note 1 The number of new students in the Nov 2022 is less than Nov 2021 (37,151). Due to the current labour market being tight and the opportunity to earn a living wage over the path of study, we have seen a decrease in new learners utilising Fees Free. We expect to see an increase in 2023 for Fees Free new students as the TTAF comes to an end and more learners move from TTAF into Fee Free learning to complete their study.

Note 2 As at 5 December 2022, the Targeted Training and Apprenticeship Fund (TTAF) has supported 240,095 unique learners (including 106,640 apprentices, 76,045 industry trainees and 72,775 provider-based learners) since it started in July 2020. Not all of these learners will be currently training as these are cumulative figures. Provider-based SDR data is for learners enrolled in TTAF eligible qualifications between 1 July 2020 and 31 August 2022. Industry-based ITR data is for learners enrolled in TTAF eligible programmes between 1 July 2020 and 30 November 2022. Of the above cumulative figures, 161,200 learners were reported in the 2022 year, including 80,435 apprentices, 45,060 industry trainees and 40,390 provider-based learners. Not all of these learners were new learners in 2022, learners can be reported in multiple years. The apprenticeship figures include all apprenticeships: New Zealand Apprenticeships (NZAs) (industry-based), Modern Apprenticeships (industry-based) and Managed Apprenticeships (provider-based). This result is above the target (at least 77,595) by 2,840 apprentices (3.7%). The target was based on pre-COVID apprenticeship numbers.

In 2020, the TEC provided a few key funding initiatives to support the tertiary education sector through COVID-19 including the TTAF. The TTAF was introduced in July 2020 to cover fees for learners in all apprenticeships and a range of sub-degree level programmes until 31 December 2022. It targets industry areas that are expected to grow, or where more skills are needed, as New Zealand recovers from the social and economic impacts of COVID-19. As a result of TTAF and other funding initiatives, enrolments (including apprenticeships) have seen strong growth from 2020 to 2022. Industry apprenticeship numbers have increased by more than 62%* when compared to pre-COVID numbers in 2019.

* When comparing apprenticeships reported in the ITR (excludes managed apprenticeships) between January 2019 to November 2019 and January 2022 to November 2022.

Note 3 We did not hold any further governance webinars in quarter two. However, we are running a webinar with a focus for governance for students in leadership roles on 31 January 2023.



■ Achieved or on track to achieve target by end of year
■ No target, trend info only