



TE PŪRONGO MAHI MŌ TE HAUWHĀ TUATAHI O 2021/22

2021/22 QUARTER ONE PERFORMANCE REPORT

KO Ō MĀTOU WHĀINGA RAUTAKI OUR STRATEGIC INTENTIONS

TE TAUTOKO I NGĀ ĀKONGA KATOA KIA ANGITU SUPPORTING ALL LEARNERS TO SUCCEED

Over the quarter:

- › During the quarter we released **Disability Action Plan (DAP) Guidance**. As part of the Investment Plan requirement for TEOs from 2022 onwards – TEOs who receive over \$5m of TEC funding will be required to submit a DAP with their Investment Plans.
- › We continue to operate in a **constrained funding environment** with uncertainty of enrolment trends. We continue to maintain close sector engagement, monitor demand and enrolment patterns in light of the continued challenges presented by **COVID-19**.
- › The **Investment Round** for 2022 funding started in Quarter One, with the receipt of TEOs' investment plans for the 2022 year. **Page 2**

TE WHAKAHONO KAIWHAKAAKO KI NGĀ KAIWHAKAWHIWI MAHI CONNECTING EDUCATORS & EMPLOYERS

Over the quarter:

- › The **VET marketing campaign** has continued to see good engagement, with metrics continuing to increase month on month.
- › At the end of the quarter there were **357 Inspiring the Future** role models who had completed the sign up process.
- › Feedback indicates that the **Direct Career Service** is highly successful and appreciated, with requests for further assistance and extended hours once COVID-19 restrictions ease. **Page 4**

TE WHAKAKAHA AKE I TE ĀHEINGA KAIWHAKARATO ME TE AROTURUKI MAHI BUILDING PROVIDER CAPABILITY & MONITORING PERFORMANCE

Over the quarter:

- › **RoVE** is currently in Phase 2 of its three phase approach, with the focus now shifting from delivery to integration, on the path to Phase 3 '*Whakakotahi* - system unification'.
- › A major milestone was reached when all six **Workforce Development Councils** became fully operational on 4 October 2021.
- › The qualifications systems functions of all 11 **Transitional ITOs** transferred to the new Workforce Development Councils. **Page 5**

TE WHAKARAHI AKE I TE KOUNGA O TE RANGAHAU ME TE ĀHEINGA HOKI INCREASING RESEARCH QUALITY & CAPABILITY

Over the quarter:

- › We ran a nominations process to select **Performance Based Research Fund Sector Reference Group** members. The group, with 18 members in total, held its first meeting in late September.
- › The ten **Centres of Research Excellence** that were funded up to 30 June 2021 are completing their final reports, including financial statements. These are due by 31 October. **Page 8**

KO Ō MĀTOU KAIWHAKAĀHEI OUR ENABLERS

Our enablers - Tāngata People, Mōhiotanga Knowledge, Mahi Ngātahi Partnership support the delivery of our strategic intentions

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Key themes include:

- › A core focus has been in developing an outcomes framework and supporting measures to track progress in delivering our strategy. We have been working with the MoE to ensure that this framework and the individual measures are aligned with the broader TES outcomes and measurement framework.
- › During the quarter we assessed Plans and invested funding for 2022 delivery. For the first time, TEO Investment Plans articulated how their current and proposed activities will align and contribute to the new **Tertiary Education Strategy**.
- › We demonstrated our commitment to raising our **cultural capability** by celebrating Te Wiki o te Reo Māori
- › We have made steady progress on our internal **cybersecurity** work, including revising our password policy and introducing multifactor authentication (MFA) into the organisation.
- › We continue to align the identification and management of our **operational risks** to the business planning process across all of TEC.

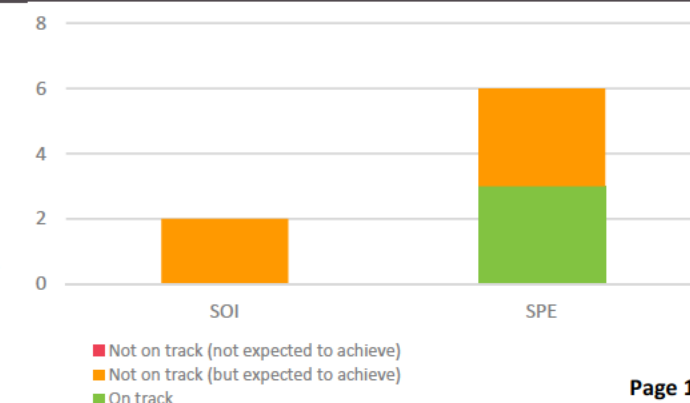
MAHINGA KORE AHUMONI NON-FINANCIAL PERFORMANCE

This quarter we only have new data for eight of our non-financial SOI and SPE 2020/21 measures. The graph opposite shows how these eight measures are tracking.

As at 30 September 2021 we were:

- › on track to meet three measures, and
- › not on track, but expected to achieve target by the end of the year for five measures.

The measures not on track, but expected to achieve target by the end of the year, relate to: the number of system wide reviews completed; the number of educational activities undertaken; governance seminars; Gateway participants and schools; and learners accessing desired range of hours for Workplace Literacy and numeracy – TEO-led.



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OUR COMMITMENT TO TE TIRITI O WAITANGI

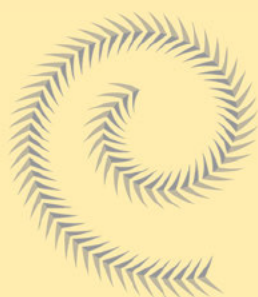
HONOURING TE TIRITI O WAITANGI

Our cross-TEC programme of work has focused on developing a Te Tiriti framework for the organisation. We are assessing our current state in order to articulate areas of focus for the future, ensuring we are delivering on your Letter of Expectations.

Planned engagement with iwi, Māori and the sector on a draft framework will include success indicators for how well we are delivering on our commitments.

We continue to deepen our relationships with Māori and iwi. This includes embedding Māori self-determination and partnership in establishment documents for Workforce Development Councils, our approach to the design of the Unified Funding System, and the development of a national careers system strategy.

We continue to work alongside our Ministry of Education colleagues to progress Te Hono Wānanga. We are engaging individually with each wānanga to implement medium-term funding solutions, while understanding how each would like to progress legislative, governance and quality assurance changes.



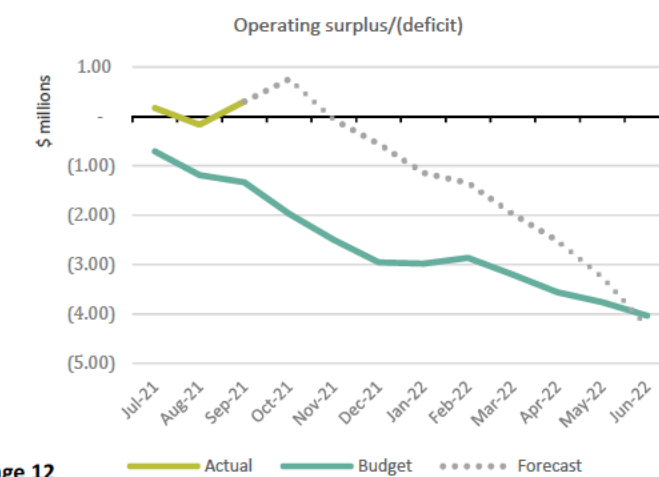
MAHINGA AHUMONI FINANCIAL PERFORMANCE

Tertiary grants baseline and spending figures are higher, reflecting the guaranteeing of TEO funding for 2020 in response to COVID-19

- › Grants baseline and spend this quarter are higher than prior years reflecting the accounting implications of guaranteeing provider funding for 2020.
- › We expect demand for Industry Training Fund (ITF) and Student Achievement Component (SAC) to be at least as high as previous years. We will seek Ministers' formal approval for a transfer of funding from Fees Free in November.

We forecast a full year operating deficit of \$3.5m to \$4.5m

- › We currently have a slight surplus of \$0.3m as a result of lower spend, mainly on the Reform of Vocational Education (RoVE).
- › Other costs for the quarter and forecast are tracking to budget. Our full year forecast is tracking to our budget deficit of \$4.0m subject to cost uncertainties for the RoVE programme.



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Over the quarter we have focused on the following:

Learner Success

Over the quarter we have continued our prioritisation of growing TEO capability to meet the needs of their learners.

Supporting TEO capability

Using funding from underspends in Equity Funding we have been able to support new learner success projects with four TEOs: the University of Canterbury; Te Wānanga o Aotearoa; the University of Waikato; and the Solomon Group (a PTE with a focus at foundation level education and training, and with a large cohort of Māori and Pacific learners based in South Auckland). Together, these projects will allow us to further expand awareness and grow learner success capability across the system.

Developing resources to support capability, especially for disabled learners

Key to our approach to learner success is developing best practice guides and resources that support TEOs to better understand and meet the needs of their learners.

An important focus for us has been disabled learners, and supporting TEOs to better understand this very diverse cohort. This quarter we released the base version of *Kia Ōrite – Toolkit for Achieving Equity: Implementation of the NZ Code of Practice to Achieve an Inclusive And Equitable Environment For Disabled Learners*. We are currently receiving feedback and working the development of expansions, accessible and web enabled materials to be rolled out over the rest of 2021 and into 2022.

During the quarter we released Disability Action Plan (DAP) Guidance. As part of the Investment Plan requirement for TEOs from 2022 onwards, TEOs who receive over \$5m of TEC funding will be required to submit a DAP with their Investment Plans. This Guidance links heavily to *Kia Ōrite*, so the two are being developed in conjunction.

Fees Free

Work began and is progressing on the Fees Free roll over for the 2022 Eligibility. We are expecting the website and marketing campaign to go live in early November, followed closely by the contracts out to the TEOs.

During the quarter we identified a further 17 false statutory declarations from learners falsely declaring they are eligible. This brings the total to 747 since Fees Free began in 2018. There were no prosecutions this quarter. Further detail on Fees Free monitoring is provided in the 'Monitoring TEOs' section of this report.

We have continued to make improvements to the statutory declaration process following an external review of the process. As a result we are finalising the inclusion of Terms and Conditions to be attached to the statutory declarations from 2022.

Secondary Initial Teacher Education

In 2019 you agreed that the MoE and TEC would work to achieve a 40% increase in secondary initial teacher education qualification by 2022. The sector exceeded the 2021 target of 1,750 EFTS and enrolled 2,062 EFTS. It is likely then the target will be exceeded by over 300.

The TEC and MoE will engage further with the sector to respond to the demand for secondary teachers in hard-to-staff subject areas, such as sciences, maths and te Reo.

Investment Round

Domestic enrolments are up approximately 9% on last year. The effect of the long lockdown in Auckland on enrolments is yet to be seen.

Due to increased enrolments and resulting additional funding requests, we have allocated more money in the system than in any other year.

Investment Round for 2022 is underway

The Investment Round for 2022 funding started in Quarter One, with the receipt of TEOs' investment plans for the 2022 year. We received funding documentation from over 300 TEOs, including 155 Additional Funding Requests. This reflects the current experience of TEOs, but we are mindful of the fact that current enrolment patterns may not continue into next year.

Having allocated significant amounts of additional funding in 2021, we are mindful that almost all funding has been pre-allocated. We continue to manage funding demand by looking across funds and using them where we see the greatest need, however, we will need to exercise prudence to ensure we do not allocate funding in excess of that available.

We have assessed all investment plans and checked the performance of all TEOs. This information will inform engagements with those TEOs throughout the year, and will be available to us to make future funding decisions.

Final funding decisions will be confirmed in Quarter Two and communicated to the sector by early December.

We will need to track enrolment patterns very closely in 2022 and be vigilant about recovering unspent funding so it can be reallocated.

Centres of Vocational Excellence

During this period, both the Construction and Food and Fibre Centres of Vocational Excellence (CoVEs) have successfully transitioned from their establishment phases into BAU, with their work programmes now underway. This has included recruitment of key staff, resourcing and progressing the projects in their agreed work plans, and beginning engagement activities with their respective industry stakeholders.

The CoVEs' updated annual plans for the 2022 calendar year are due to be submitted to the TEC on 1 November 2021.

COVID-19 response and recovery

Demand has been significant

The Government's COVID-19 response initiatives, a constrained labour market and continued border closures have all contributed to a large increase of learner demand.

The impact on existing and future enrolments remains uncertain due to the evolving COVID-19 situation and restrictions on certain regions. Impacts will be evident following the December 2021 SDR.

Demand since August is uncertain and being closely monitored

COVID-19 has again impacted learner demand, behaviour and providers ability to both enrol and complete programmes in this financial year – particularly in lockdown regions. For impacted regions, some subsidiaries of Te Pūkenga and two of the three Wānanga have been particularly affected. Many students have withdrawn early due to lockdowns. The nature of the study means learners are looking for a face to face experience that is not possible in lockdown. Every effort is being made to try and complete students within the 2021 academic year (weekend delivery, extending programme end dates, and carry over study into 2022) but this may not be possible for some programmes.

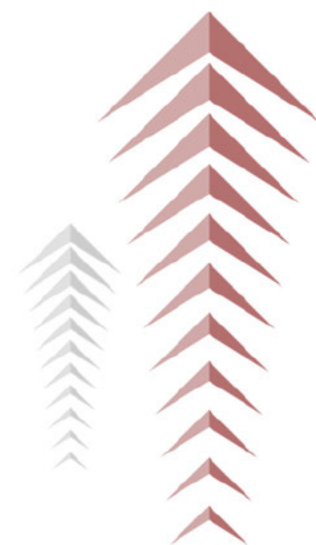
For the PTE sector we also know learners are dropping out of foundation programmes in the Auckland regions. PTEs in receipt of SAC funding, with rolling intakes or who follow a trimester approach, are reporting that high numbers of expected new students are deferring their studies until 2022.

Universities are less impacted as they operate on semester based years. However, individual forecasts indicate continued enrolment growth. These forecasts do not necessarily reflect MoE/TEC forecasts. Universities are also reporting that NCEA changes granting extra credits will mean higher enrolments as more learners reach University Entrance.

Progress summary for key Budget 2020 COVID-19 Response and Recovery Funds

Fund	Financial information (Note 1)		
	Actual as at 30/09/21 \$000	Budget 30/09/21 \$000	Budget 2021/22 \$000
Targeted Training and Apprenticeship Fund (TTAF)	84,132	40,000	160,000
Hardship for Learners Fund 2020 (HAFL)	7,093	15,803	25,803
Workforce Development Council And Transitional Industry Training Organisation COVID-19 Response Projects Fund	1,486	750	3,000
Workforce Development Councils Establishment Fund	2,252	1,500	6,000
Workforce Development Councils Fund	0	12,000	48,000
Careers System Online – Tiro Whetū (figures project to date and Full capital budget)	8,541	8,606	15,000
ACE in Communities (Development & Delivery)	500	500	1,000
Tertiary Tuition and Training	39,725	39,725	140,500

Note 1: The financial information in this table relates to grants and capital appropriations only. The operational money appropriated through the Administration of and Support for the Tertiary Education and Careers Systems (total \$1.460m) is not included in this table.



Over the quarter we have focused on the following:

Careers System Strategy

In mid-July you agreed TEC should lead the development of a national careers system strategy in collaboration with our partners and other system stakeholders. Work has commenced on the strategy with a focus on initial evidence analysis and stakeholder engagement.

VET marketing campaign

The VET marketing campaign has continued to see metrics continuing to increase month on month. Activity has included social media advertising, programmatic online banner and video, as well as Google search ads.

Inspiring the Future

At the end of September 2021 there were a total of 357 Inspiring the Future (ITF) role models who had fully completed the sign up process (having completed their profile and criminal record check). We have a target to reach 800 by 30 June 2022. There are also 40 schools who have registered and 25 events have been created (12 online and 13 in-person events). We have a target to reach 118 schools and 88 events by 30 June 2022.

The focus for the remainder of the financial year is to continue to improve the ITF platform user experience, and to transition the project into core business at the TEC.

Direct Career Service

Direct Career Guidance Services was closed as at 6 August 2021.

This has been replaced by the *Direct Career Service (DCS)*, managed by the TEC and funded in partnership with MSD.

DCS started on 28 June 2021, the delivery model is contracted Career Practitioners on-site at the 31 MSD Connected sites across the country and via a dedicated phone service. The service will continue through until June 2022.

Feedback indicates that the service is highly successful and appreciated, with many of the Connected sites requesting further assistance and extended hours once COVID-19 restrictions end.

Tahatū (previously known as Tiro Whetū) – an online career planning solution

Independent Quality Assurance review

An Independent Quality Assurance was recently completed that identified a number of recommendations to improve the programme's delivery capability. These recommendations are currently being addressed.

Delivery

The team's focus during the quarter has now moved to the design and build of the full Online Careers Planning Solution.

Once the technology and data foundations are fully stood up, we'll test features with closed pilot groups including a number of secondary schools over the coming months. Testing of significant features for the full Tahatū solution is continuing with the Career Development Association of New Zealand (CDANZ), the Careers and Transition Education Association (CATE), and teachers to ensure that features will meet users' needs.

Stakeholder management

We are establishing four key stakeholder panels to provide input and feedback into the design and development of the new website.

The four key stakeholder panels are:

- › **Teachers** – made up of 11 secondary school teachers who are reviewing and providing feedback on concepts, designs and will prototype in schools.
- › **Industry** – includes Neurodiverse, CDANZ, Career and Transition Educators, Employer & Manufacturers Association.
- › **Customer** – made up of learners and our priority audience members (e.g. Māori, Pacific people, neurodiverse, disabled people and women).
- › **Government** – made up of key government agencies (e.g. the MoE; MBIE; MSD; Ministry for Pacific Peoples; Ministry for Women; Te Pūkenga; and Statistics NZ).

Over the quarter we have focused on the following:

The Reform of Vocational Education

During the quarter, the Reform of Vocational Education (RoVE) programme has achieved its key milestones: the standing-up of the six Workforce Development Councils (WDCs); the transition of arranging training functions of the early movers into Te Pūkenga's Work Based Learning subsidiary; and the successful transfer of responsibility for qualifications systems functions from each Transitional ITO (TITO) to the relevant WDC, involving the transfer of more than 850 qualifications and 14,000 standards.

The focus of the programme through Phase 2 will be on:

- › the ongoing transitioning process for the seven remaining TITOs
- › implementing the Unified Funding System (UFS) once relevant Cabinet decisions are made
- › NZQA's redesigning qualifications and quality assurance for RoVE, and
- › ensuring deep connections with Te Pūkenga's transformation programme.

RoVE Design and Implementation Team (RoVEDIT)

During the quarter, the project focused on making the immediate internal changes required for the TEC to receive, support and enable the changes being implemented by RoVE; and putting project management structures in place to ensure successful project delivery.

Key activities over the quarter have included:

Delivering immediate internal changes

- › Working with the RoVE TITO Transitions project to prepare for and transition TITO Arranging Training functions to Te Pūkenga and other receiving organisations. Over the quarter, four TITOs transitioned to receiving organisations.
- › Working with TEC BAU and the WDC Establishment Unit to develop funding agreements and documentation to support the establishment and operationalisation of the WDCs. During the quarter the WDC establishment plans and funding agreements were signed off and the WDCs were successfully operationalised on 4 October.
- › Designing processes and documentation to enable the data and information relationship between the TEC, WDCs and RSLG. This has included progressing operational readiness and design relating to a WDC's "Advice to TEC" function.
- › Progressing work with the TEC's Ōritetanga team and RoVE programme to understand what the project will deliver to set the TEC up to ensure the reformed vocational education system outcomes are achieved, which includes ensuring the system honours Te Tiriti o Waitangi, supports Māori-Crown relationships, and delivers improved outcomes for learners, employers, regions, providers and industry.

Implementing project management structures

- › Implementing an internal communications and engagement plan to keep TEC staff informed about RoVE and RoVEDIT project activity.
- › Establishing a new governance structure to ensure visibility within the TEC of the project's activities, and provide guidance and decision making for the project.

Establishing six Workforce Development Councils

A major milestone was reached when all six Workforce Development Councils (WDCs) became fully operational on 4 October 2021. All the Chief Executives have now been appointed, with staggered start dates from 4 October through to mid-November 2021. Most initial staff were transitioned from either TITOs or NZQA.

Unifying the vocational education funding system

The design work for the Unified Funding System (UFS) is underway, focusing on three new funding components: the Funding Category Component; the Learner Component; and the Strategic Component.

Education reports have been delivered on: Learner Success component performance; and Modelling of the UFS impacts and design options.

A Cabinet paper containing policy decisions and design of UFS will be provided to Cabinet in November.

Along with the MoE, sector experts have been engaged to develop detailed definitions for the Modes of Delivery within the Funding Category Component. Online engagement has begun and will continue until 31 October.

Establishing Te Pūkenga

Te Pūkenga has recently completed its draft operating model and over the next quarter will seek feedback on the proposed model from stakeholders and develop an implementation plan. The operating model, digital strategy and programme business case will all be put before the Council for approval in December before being submitted to you. The operating model will not include organisational design or what it means for individual staff.

Three early mover TITOs (Competenz, Connexis and BCITO) successfully transitioned their arranging training functions to Te Pūkenga's Work Based Learning subsidiary. Feedback received indicates great morale amongst transferred staff.

Negotiations and planning for TITOs' transitions to Te Pūkenga will continue, with another TITO (MITO) expected to transition to Te Pūkenga in early 2022.

Te Pūkenga published Te Rito Learner Insights Reports focused on Pacific and disabled learners, and factors that enable their success in vocational learning. In addition, the Te Pae Tawhiti Network Insights report was published, which identified the strengths and weaknesses of our network in giving effect to Te Tiriti o Waitangi. This can be shared across the network to amplify impact for Māori.

Equity network groups will be established for Māori, Pacific, people with disabilities and on anti-racism. These groups will drive strategy and the development of action plans.

Significant progress was made this quarter with the transition arrangements for the 11 TITOs

The qualifications systems functions of all 11 Transitional IITOs (TITOs) transferred to the six new Workforce Development Councils on 4 October 2021. Four TITOs have transferred their Arranging Training functions and staff to providers, as set out in the table below.

TITO	Receiving provider(s)	Transition date
Competenz	95% Te Pūkenga WBL 5% PTE Skills4Work (retail butchery)	2 August 2021
New Zealand Marine and Composites (NZMAC)	100% to new PTE, MAST Academy	2 August 2021
Connexis	100% to Te Pūkenga WBL	1 September 2021
BCITO	100% to Te Pūkenga WBL	4 October 2021

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Establishing Regional Skills Leadership Groups

Permanent Regional Skills Leadership Groups (RSLGs) are now established and in a strong position to begin developing their first Regional Workforce Plans (RWP) by June 2022.

Two co-Chairs, including an iwi/Māori co-Chair, were appointed to each RSLG. The Chairs worked with the relevant Regional Public Service Commissioner and RSLG Regional Manager to identify the wider membership for each RSLG. Members have now been appointed for all 15 groups, including the designation of the CARE Forum (‘Commitment, Action and Reciprocity resulting in sustainable Employment’) as the RSLG in Tairāwhiti.

Permanent RSLGs held their first meetings in September and are beginning to focus on setting out their region’s labour market aspirations to inform the development of their RWP.

Simplifying the design of vocational qualifications

In September, Cabinet approved the simplification of vocational education qualifications and other credentials. Information sessions were held to inform the sector of the Cabinet decisions and outline next steps. Scoping of NZQA Rules to enable implementation of the proposed legislative changes has begun, ready for consultation in March/April 2022.

NZQA successfully transferred around 850 qualifications and 14,000 standards to WDCs on 4 October. NZQA has met with WDCs to provide a high-level overview of the New Zealand Qualifications Framework and outline the recently announced changes.

NZQA has begun work on a strategic review of the Quality Assurance Framework to ensure it is fit for purpose.

RoVE outcomes and benefits measurement

The RoVE benefits framework has been drafted and shared with the Programme Board. The benefits framework summarises the totality of RoVE aspirations and identifies the most important success factors for the programme. It comprises of a set of benefits, KPIs and measures. An exercise was undertaken to identify the gaps, challenges and current level of confidence in achievement of each of the outcomes. This will be presented to the Programme Board in November.

The next step is to align it with the measurement work underway across the sector including with Te Pūkenga, MBIE, NZQA and within the TEC. Measurement reporting will begin in 2022.

Communications and engagement

In the WDC Establishment Unit, the communications and engagement workstream established a RoVE/WDC/TITO/NZQA communications forum to support the transition of qualifications system functions into the WDCs. This work stream also created initial content for the seven new websites and communications collateral for the online staff induction. Support for initial industry engagement will be provided in the upcoming quarter.

Monitoring TEOs

We are continuing to work closely with Te Pūkenga on the implementation of its transition and transformation programme, and to monitor its financial position. We provided our latest quarterly report to the Minister of Education on Te Pūkenga's progress on 31 August 2021. Our next quarterly report will be provided at the end of November 2021. Due to concerns we have about the progress being made on Te Pūkenga's transformation programme, our close monitoring will continue, but we will also continue to work closely with Te Pūkenga management and provide support to assist it to deliver on its objectives.

We are continuing to work closely with the university sector to understand the financial impacts of COVID-19 and the associated lockdowns and ongoing border restrictions. We are meeting regularly with university senior management and receiving regular financial updates from universities.

With the Workforce Development Councils (WDCs) now in operation, we have established a financial data collection form which has been shared with the WDCs to report their financial performance to the TEC, pursuant to their funding agreement.

During the quarter we provided advice to the Secretary of Education in relation to two property related easements, and one borrowing request in relation to a Crown Infrastructure Partners shovel ready loan. We are also currently working with the MoE on one request to retain full proceeds from the sale of an encumbered property, along with a land disposal request. We are engaging with three universities with regards to changes to their current approved borrowing consent, which we have briefed the MoE on.

We supported the Minister to make seven appointments to TEI councils. Four were new appointments and three were the reappointment of council members who had reached the end of their previous term of Ministerial appointment. for TEI council members is now being developed for delivery during the next quarter

As at September 2021, we have one TEO investigation underway. In quarter one we completed three investigations and have published an investigation report regarding the findings on the www.tec.govt.nz website.

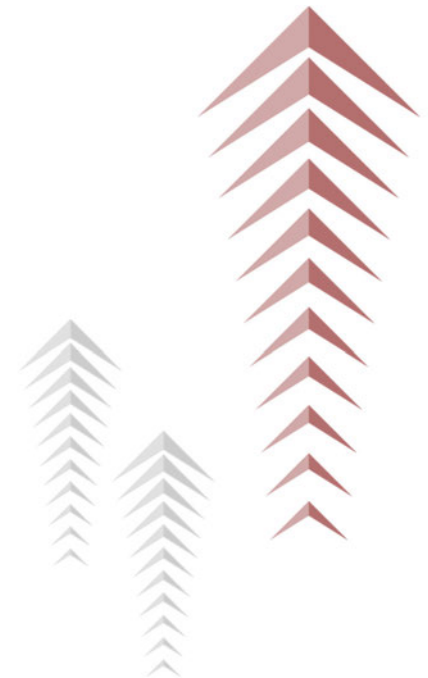
During the quarter, we identified 17 false statutory declarations relating to Fees Free. We have identified a total of 747 since the introduction of Fees Free. Our Fees Free monitoring has now resulted in four successful prosecutions (from four undertaken). We have no other current legal proceedings relating to Fees Free.

Internally, we are conducting two reviews in relation to private training establishments (PTEs). One is to review our monitoring of the PTEs we have classified as a high financial viability risk, and the other is examining the PTEs that are currently forecast to under-deliver against full year delivery targets. We have initiated four system reviews: A review of TEOs that receive Employer-led Workplace Literacy and Numeracy funding and how TEC monitors the fund, a review of Pre-Purchased English Language Tuition and the two reviews of the potential risks faced in the PTE sector described above.

Te Hono Wānanga

Te Hono Wānanga is an enhanced work programme between officials and the wānanga sector to consider longstanding and consistent concerns relating to inequities and the Māori-Crown relationship.

This quarter, we have focused on working with the wānanga to implement the short-to-medium funding solutions while our longer-term approach is developed, and specifically with Te Wānanga o Raukawa on legislative settings and new institutional arrangements.



Over the quarter we have focused on the following:

Performance Based Research Fund

The wash-up process for 2020 has been completed, and all providers have been advised of the outcome. You announced Cabinet’s final decisions on the Performance Based Research Fund (PBRF) Review in July 2021.

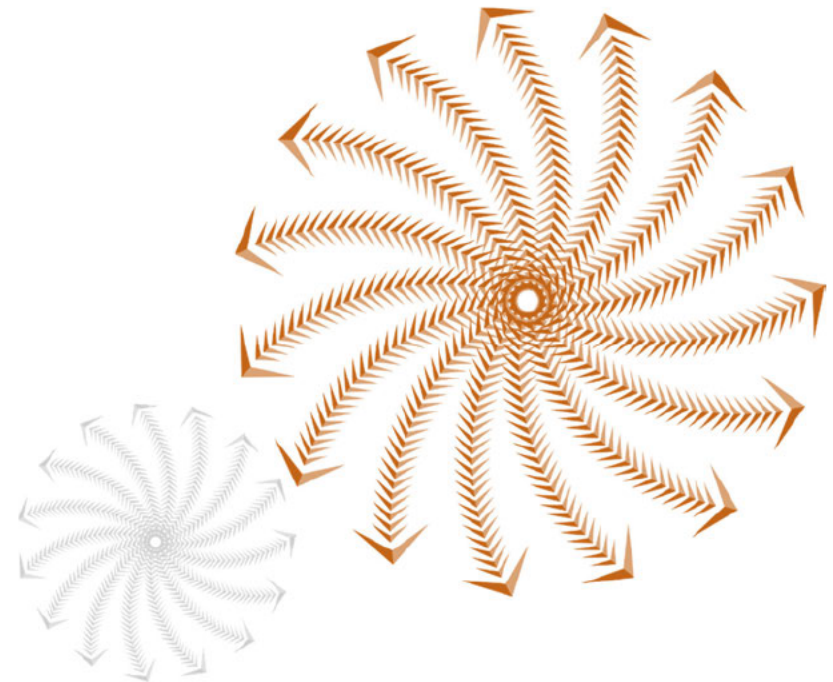
In July, we appointed Professor Wendy Larner and Professor Wiremu Doherty (Tūhoe, Ngāti Awa) as co-chairs of the PBRF Sector Reference Group (SRG). The SRG will lead consultation and advice on the operational design of the Quality Evaluation 2025.

In August, we ran a nominations process to select SRG members.

Centres of Research Excellence

The ten Centres of Research Excellence (CoREs) that were funded up to 30 June 2021 are completing their final reports, including financial statements. These are due by 31 October.

Work is under way for the ten current CoREs that are funded through to 31 December 2028. Their Plans and Impact Statements for the first 3.5 years have been approved.



Over the quarter we have focused on the following:

Our strategy

During the quarter we continued to integrate the TEC strategy into our business.

A core focus has been in developing an outcomes framework and supporting measures to track progress in delivering the strategy. We have been working with the MoE to ensure that this framework and the individual measures are aligned with the broader TES outcomes and measurement framework.

Key to integrating the strategy into our business has been the annual business planning process. The TEC strategy formed the base for our business development. During the quarter we delivered to our strategic goals through placing emphasis on five programmes of work:

- › **Learner Success programme** designed to improve how the system provides for all learners, Māori and Pacific students, disabled students and students from socio-economically disadvantaged circumstances.
- › **National Careers System Strategy** will ensure processes and programmes are in place to support the transition from secondary to tertiary, education to employment, unemployment to retraining, and on to further employment.
- › **RoVE** including the internal RoVE Design and Implementation project.
- › **Investment function Redesign** - how we give effect to the TES, streamlining our investment function, and ensuring appropriate monitoring is in place now and in the future.
- › **People, Process and Technology** – focusing on TEC’s internal systems, processes and capability.

Cultivating a Thriving TEC

We are committed to growing our cultural capability

He Marae Tangata is the programme of work to enable the TEC to role model a truly ‘learner-centric, equity-minded and culturally affirming’ organisation in five years’ time.

Work has commenced in two work streams: Setting the Foundations; and Closing the Known Gaps. Under ‘**Setting the Foundations**’, we have developed a draft Capability Framework that defines the three ‘capabilities’ of ‘learner-centric, equity-minded and culturally affirming’ as a combination of knowledge, skills and attitudes. These are defined at both an individual organisational level. The Capability Framework will be underpinned by te ao Māori and will ensure capabilities are viewed through a holistic all-of-life lens.

Under ‘**Closing the Known Gaps**,’ we have started implementing some quick fixes, e.g: reviewing and redesigning templates to ensure they are aligned to the three capabilities; drafting a communications plan; and in the next quarter leveraging off our existing effective learning (e.g. Beyond Diversity training), as well as procuring some high-priority learning solutions like Te Tiriti and te reo Māori. This will help us build momentum and provide an introduction to our people about He Marae Tangata and its goal.

Lifting our cultural capability

We demonstrated our commitment to raising our cultural capability by celebrating te wiki te reo Māori through several in-house events and videos on the Intranet.

We have provided a good learning opportunity to our people by offering them a formal learning course run by IPANZ on how to partner with the Māori in our work.

We are inclusive and diverse

We have developed a draft Diversity and Inclusion Strategy for all of the TEC. This will be socialised with our leaders and our people in quarters two and three. This strategy provides the principles that will help us value and practise equity within the TEC in alignment with the Tertiary Education Strategy and our strategic goals, vision and values.

This Diversity and Inclusion Strategy aligns in principle to the Te Kawa Mataaho (Public Service Commission) Diversity and Inclusion guidelines and identifies different areas of work such as cultural competence, disability, rainbow community, flexible work, gender pay gap and pay equity.

TEC has a draft Gender Pay Action plan. There is a project team working towards us becoming a flexible working environment in 2022.

The Diversity and Inclusion Strategy will provide guiding principles for further work that needs to be delivered each financial year through an Action Plan that will be developed with our people in quarters two and three.

Developing a connected and collaborative culture

The “Thriving TEC” work programme focus is on two workstreams:

- › **Leadership alignment, connection and development** – Leadership meetings from tier 1 to tier 4 are held regularly at the TEC. The purpose of these meetings are to create connections, particularly between the strategic intent and the operational work of the TEC, and to collectively chart a path to success. During the quarter, these meetings have had a focus on change leadership and looking after the emotional wellbeing of our people, particularly in the COVID-19 world.
- › **Reviewing our performance development system and approach** – We introduced a new performance management system which is now in place for the 2021/22 performance year. The system moves away from a five point rating scale and is based on the premise that people come to work to do a good job.

We worked alongside the Public Service Association (PSA), developing a new remuneration framework. This has since changed focus following pay restraint and we have commenced bargaining for a new collective agreement. We will continue to review our remuneration system alongside the PSA.

Delivering great customer service

Our focus during the quarter has been continuing to implement our Genesys customer experience technology platform. The platform was launched in March 2021 and enables our staff to communicate with our customers more efficiently and effectively.

Data and digital

Data Exchange Platform

In partnership with the MoE and NZQA, we are creating a new platform to exchange data across the tertiary education sector. It will introduce modern, fit-for-purpose technology that will reduce the risks of our current data collection platforms.

The first phase will mitigate the risks of our current data collection applications by transitioning the Workspace2 (WS2) and the Services for Tertiary Education Organisations (STEO) functionality onto the new platform.

The second phase is to design and implement improved data collection methods to reduce effort and support the increased frequency of data collections. We have held high-level requirement workshops with staff from the TEC, MoE and NZQA.

Cybersecurity at the TEC

As part of our overall approach to improve our maturity we have implemented a comprehensive four tier cyber security assurance framework with support from our independent cybersecurity partner – Aura Information Security. The model is:

1. **People** – understanding staff behaviour and providing education
2. **Organisation** – using the National Institute of Standards and Technology (NIST) cyber security framework
3. **Technical Review/Audit Programme** – specific investigations and reviews to highlight areas of work
4. **Security by Design** – improving how we build security and privacy into everything we do.

Against this model we have made steady progress on our cybersecurity work at the TEC. We have:

- › undertaken an in-house week long cybersecurity campaign including staff training and awareness, which was well received and had strong participation across the organisation
- › revised our password policy and the introduced multifactor authentication into the organisation, and
- › started a wider review of all our ICT policies with completion expected next quarter.

The TEC's Risk and Audit Committee has formally endorsed our intended target maturity level. Our target maturity level is based on the NIST framework and was recommended by our cyber security partner, Aura.

Cybersecurity and the tertiary sector

During the quarter, the TEC conducted an assessment of cybersecurity maturity across Universities, Wānanga, Te Pūkenga, transitioning industry training organisations and larger private training establishments. The assessment was conducted in response to your request for the TEC to assess cybersecurity risks in the tertiary sector.

The responses showed a strong awareness of cybersecurity and varying levels of practices in identifying and managing cybersecurity risks. It also indicated the opportunity to work more closely with TEOs to leverage common practices and common approaches.

We are undertaking ongoing activities with the larger TEOs to further understand their cybersecurity plans and opportunities to leverage the expertise of the sector through sharing knowledge, process and practices. We are also investigating options to improve cybersecurity in the tertiary sector through common Microsoft licencing and cybersecurity audits.

Impacts of COVID-19 on TEC operations

The main focus over the quarter has been maintaining our business continuity preparedness specific to COVID-19. We have an incident response process which we have been following for each change to the COVID-19 Alert Levels. This includes the ability to communicate to all staff using an online texting functionality as well as social media. All TEC staff are able to work remotely and we have promoted the use of online collaboration tools to ensure staff are able to collaborate regardless of whether they are at home or in the office.

Managing risk

Strategic risk

The TEC's strategic risks are reviewed twice annually in accordance with the Risk Management Framework. The previous review was held in May and the next is scheduled for December as part of an ELT away day. Mitigations have been identified for each strategic risk and these are monitored and updated as part of the twice annual review process.

Operational risk

A review of our risk management framework was completed by our internal assurance function in the previous quarter. This highlighted minor areas for improvement as part of the TEC's ongoing risk management maturity and we are progressing well in addressing all of the recommendations. A progress update against these recommendations was provided to the RAC in October.

Privacy

We continue to work to build our privacy capability as an organisation. We have a framework for delivering regular privacy messaging. We are aligning privacy and security messaging to ensure consistency across both areas.

We continue to assess new initiatives using our Privacy Impact Assessment processes. The privacy and security processes continue to interact well, ensuring that new systems are assessed prior to implementation.

Our ethics panel and processes are operating well. We have developed a TEC Code of Ethics which has been endorsed by our Executive Leadership Team. We have revisited membership of the ethics panel and are seeking to appoint an external representative to the panel.

MAHINGA KORE AHUMONI NON-FINANCIAL PERFORMANCE

Quarter One 2021/22 performance measure results summary

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

Total measures reported in quarter one		Achieved	On track to achieve target by end of year	Not on track – but expected to achieve target by end of year	Not on track – not expected to achieve target by end of year
SOI measures	2	0	0	2	0
SPE measures	6	0	3	3	0
Total measures	8	0	3	5	0

Sector output measures

Document	Measure	Actual year to date	Target 2021	Actual 2020	
Statement of Performance Expectations (SPE)	Percentage of learners accessing the desired range (hours) of provision (Note 1)	Intensive literacy and numeracy	53.00%	At least 53%	52 94%
		Workplace Literacy and Numeracy (tertiary education organisation – led)	59.00% (Note 2)	At least 63%	73 68%
		English for Speakers of Other languages	93.00%	At least 93%	92 97%
	Gateway – total participants and number of schools	9,757.00 in 333.00 schools (Note 3)	13,200 ±5% in up to 375 schools	14,660 in 386 schools	

Note 1 Desired range of hours relates to the optimal hours of learning needed to make an impact on an individual's learning.

Note 2 This result is likely to have been impacted by the nationwide COVID-19 lockdown and the prolonged lockdown in the Auckland area which impeded the provision delivery. Only about half of the WLN-TEO-led providers have returned their progress reports for the period 1 January to 30 September. After all reports are returned to the TEC we will have a clearer view of delivery.

Note 3 Under-delivery in the first quarter is not an indication of under-delivery for the year. This is due to the schools having on-going or rolling enrolment throughout the year, which are not evenly spread. Enrolments and regularly reporting for the period is also likely to have been impacted by COVID-19 restrictions, particularly in the Auckland region.

TEC output measures

Document	Measure	Actual as at 30/03/21	Target 2021/22	Actual 2020/21
Statement of Intent (SOI)	At least three system-wide reviews completed each year and results shared with tertiary education organisations	0.00 (Note 1)	Achieved	2
	At least three educational activities undertaken each year to support the capability of tertiary education organisations and provide information and guidance on their obligations	0.00 (Note 2)	Achieved	3
Statement of Performance Expectations (SPE)	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	0.00% (Note 3)	At least 94%	Not able to be measured as no seminars were held
	Percentage of payments the TEC makes to tertiary education organisations that are made within agreed timeframes	99.88% (Note 4)	99.5%	99.88%

Note 1 We have three reviews underway relating to:

- › TEOs that receive Employer-led Workplace Literacy and Numeracy funding. This is to identify whether there are common compliance on reporting issues across the fund, and whether current monitoring arrangements are sufficient
- › Pre-Purchased English Language Tuition, which will look at the information that is collected, how funds are managed and evaluating the role of TEC in this process, and
- › Potential risks faced in the Private Training Establishment sector. This will look at the effect of under-delivery (particularly in relation to the effects of COVID-19) and also an evaluation of the financial viability framework.

Note 2 The target is not yet achieved as changes in COVID-19 alert levels meant we had to postpone the event planned for 1 September 2021. We are developing plans to deliver the programme virtually beginning on 27 October and to deliver an event for the Workforce Development Councils virtually, beginning on 16 November. A Monitoring update is also planned for early November 2021.

Note 3 No data available as delivery of our programme of governance seminars continued to be impacted by COVID-19. An event planned for 1 September 2021 has been deferred and will be delivered virtually in segments beginning on 26 October 2021.

Note 4 Eight payments out of 6,874 were not made within agreed timeframes.

We are forecasting a higher grants spend in 2021/22

Overall grant spend is forecast to be \$3.937b. This is higher than last year's grant spend of \$2.614b. Note that the figures for 2020/21 are still subject to audit finalisation and may change. 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.

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.

We currently have \$80m in our grants Balance Sheet Mechanism (made up of \$46m receivable from the MoE, plus funds held in our equity of \$34m). We are expecting to draw \$40m from our Balance Sheet Mechanism in 2021/22 as student demand is forecast to be high and we expect providers to be able to deliver 102% of allocated funds. An updated forecast of the likely drawdown on the Balance Sheet Mechanism will be available in subsequent reports.

We expect demand for Industry Training Fund and Student Achievement Component to be at least as high as previous years. The forecast overspends will be offset by underspends in other funds within the categories or other funds within the multi-category appropriation. We will seek Ministers' formal approval for a transfer of funds from Fees Free in November.

Our \$0.3m operating surplus is better than the budgeted deficit of \$1.3m by \$1.6m at the end of quarter one 2021/22

We were under budget because specific funded programs (RoVE and Direct Careers Services) are tracking under budget to date by \$1.2m. The RoVE underspend is primarily attributable to recruitment delays across several work streams, also due to lower than expected Workforce Development Council induction event costs and savings achieved by the recruitment of fixed term rather than contract Communications & Engagement Advisers. The lower spend in Direct Careers Services is due to the effect of the COVID-19 lockdown reducing careers consultants ability to meet face-to-face in MSD offices.

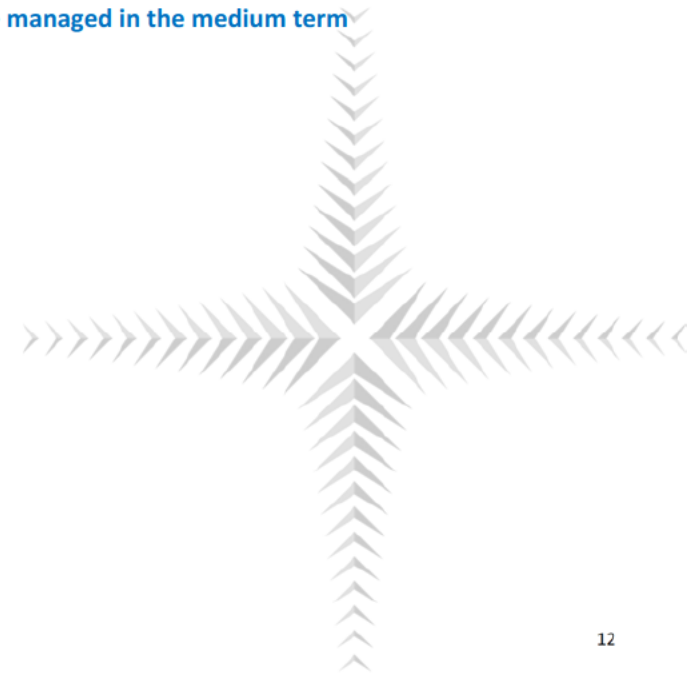
Our early indication is that we will end the year with an operating deficit of between \$3.5m to \$4.5m against a budget deficit of \$4.0m. The final amount is mostly dependent on the outcome of the RoVE programme work plan.

Our five year operating forecast shows pressure from increasing costs of people and software that will need to be managed in the medium term

Our operating cost increases are not matched with increased revenue. We have three main operating pressures to be addressed:

- › Increasing personnel costs
- › Increasing software costs as we look to transition to the cloud, and
- › Higher capital spend as we renew and upgrade our core platforms.

We are continuing to review our cost base with a view to identifying efficiencies.



Financial Statements

Grants revenue and expenses

For the period ended 30 September 2021

	2022 3 months actual \$000	2022 3 months SPE Budget \$000	2022 Full Year SPE budget \$000	2022 Full year forecast \$000	2021 Full year actual \$000
REVENUE					
Crown revenue	860,758	868,081	3,889,548	3,916,755	2,584,174
Prior year recoveries	75	500	2,000	300	3,650
Interest	11	8	33	38	36
Total revenue	860,844	868,589	3,891,581	3,917,093	2,587,860
Less revenue administered by Ministry of Education	(14,554)	(3,884)	(7,448)	(19,448)	(1,237)
Total revenue administered by TEC	846,290	864,705	3,884,133	3,897,645	2,586,623
EXPENSES					
Tertiary Tuition and Training multi-category appropriation					
<i>Community Education</i>	22,777	21,248	85,497	77,514	45,682
<i>Tertiary Education: Student Achievement Component</i>	476,266	471,354	2,376,032	2,448,623	1,504,286
<i>Training for Designated Groups</i>	81,264	75,301	306,243	317,926	162,625
<i>Fees-free Payments</i>	143,518	157,830	541,344	485,294	337,646
Total Tertiary Tuition and Training multi-category appropriation	723,825	725,733	3,309,116	3,329,357	2,050,239
Access to Tertiary Education	9,676	8,555	44,415	65,670	42,282
Tertiary Sector / Industry Collaboration projects	12,279	13,100	42,435	49,894	34,344
Establishment of a Single National Vocational Educational Institute	2,565	-	10,000	16,000	63,640
Workforce Development Councils	-	12,000	48,000	48,000	-
Secondary-Tertiary Interface (Vote Education)	7,519	7,641	30,564	30,816	15,057
Centres of Research Excellence	12,450	12,450	49,800	49,800	49,800
Tertiary Education Research and Research-Based Teaching	79,875	79,875	321,000	321,000	321,000
University-led Innovation	1,638	2,338	9,350	9,350	9,198
Support for PTEs of Strategic Importance	-	-	-	-	8,083
Support for Te Wānanga o Raukawa	-	-	1,000	1,000	7,000
Support for Wānanga	12,000	4,000	4,000	16,000	-
Tertiary Scholarships and Awards	1,496	2,389	19,868	19,868	14,734
Total expenses	863,323	868,081	3,889,548	3,956,755	2,615,377
Less expenses administered by Ministry of Education	(14,554)	(3,884)	(7,448)	(19,448)	(1,237)
Total expenses administered by TEC	848,769	864,197	3,882,100	3,937,307	2,614,140
Surplus/(deficit)	(2,479)	508	2,033	(39,662)	(27,517)

Operational revenue and expenses

For the period ended 30 September 2021

	2022 3 months actual \$000	2022 3 months SPE Budget \$000	2022 Full Year SPE budget \$000	2022 Full year forecast \$000	2021 Full year actual \$000
REVENUE					
Crown revenue					
– Tertiary Education Commission	19,525	19,307	77,230	79,592	81,924
– Māori Education Trust (Ministry of Education-administered)	36	27	109	109	109
Contract – Pre-purchased English Language Tuition	79	36	442	480	605
Contract – Migrant Futures	-	-	-	-	1,676
Interest	52	45	180	189	297
Other	844	312	1,248	3,355	1,381
Total revenue	20,536	19,727	79,209	83,725	85,992
EXPENSES					
Tertiary Education Commission	20,202	21,037	83,135	87,871	88,965
Māori Education Trust (Ministry of Education-administered)	36	27	109	109	109
Total expenses	20,238	21,064	83,244	87,980	89,074
Surplus/(deficit)	298	(1,337)	(4,035)	(4,255)	(3,082)

Statement of Comprehensive Revenue and Expense

For the period ended 30 September 2021

	2022 3 months actual \$000	2022 3 months SPE Budget \$000	2022 Full Year SPE Budget \$000	2022 Full year forecast \$000	2021 Full year actual \$000
REVENUE					
Grants revenue:					
Vote Education/Tertiary Education – Ministry of Education (MoE)	846,204	864,197	3,882,100	3,897,307	2,582,937
Prior year recoveries – net	75	500	2,000	300	3,650
Total grants revenue	846,279	864,697	3,884,100	3,897,607	2,586,587
Operating revenue:					
Vote Tertiary Education – MoE	19,525	19,307	77,230	79,592	81,924
Contract – Migrant Futures	-	-	-	-	1,676
Contract – Pre-purchased English Language Tuition	79	36	442	480	605
Other revenue	844	312	1,248	3,355	1,381
Total operating revenue	20,448	19,655	78,920	83,427	85,586
Finance revenue:					
Interest – grants	11	8	33	38	36
Interest – operating	52	45	180	189	297
Total finance revenue	63	53	213	227	333
Total revenue	866,790	884,405	3,963,233	3,981,261	2,672,506
EXPENSE					
Grants expense:					
Grants expense	848,844	864,072	3,881,600	3,937,507	2,614,583
Bad and doubtful debts	(75)	125	500	(200)	(443)
Total grants expense	848,769	864,197	3,882,100	3,937,307	2,614,140
Operating expense:					
Personnel costs	14,307	14,692	56,701	59,197	55,569
Amortisation	595	727	2,900	2,831	3,245
Depreciation	242	268	1,494	1,116	1,256
Other expenses	5,058	5,350	22,040	24,727	28,895
Total operating expense	20,202	21,037	83,135	87,871	88,965
Total expense	868,971	885,234	3,965,235	4,025,178	2,703,105
SURPLUS/(DEFICIT)					
Grants surplus/(deficit)	(2,479)	508	2,033	(39,662)	(27,517)
Operating surplus/(deficit)	298	(1,337)	(4,035)	(4,255)	(3,082)
Total comprehensive revenue and expense	(2,181)	(829)	(2,002)	(43,917)	(30,599)

Statement of Financial Position

As as 30 September 2021

	2022 3 months actual \$000	2022 3 months SPE Budget \$000	2022 Full Year SPE budget \$000	2022 Full year forecast \$000	2021 Full year actual \$000
CURRENT ASSETS					
Receivables	522,851	474,046	497,242	581,324	647,037
Cash and cash equivalents	121,572	71,669	64,932	61,581	113,883
Prepayments	1,140	1,020	1,020	1,020	1,139
Total current assets	645,563	546,735	563,194	643,925	762,059
NON-CURRENT ASSETS					
Intangible assets	19,120	19,616	31,337	27,390	15,172
Property, plant and equipment	4,030	5,222	6,453	7,155	4,200
Total non-current assets	23,150	24,838	37,790	34,545	19,372
Total assets	668,713	571,573	600,984	678,470	781,431
CURRENT LIABILITIES					
Payables	486,426	451,646	501,449	577,881	610,325
Pre-purchased English Language Tuition – fees in advance	17,278	17,688	14,461	15,476	17,534
Repayment of grants funding – MoE	39,975	40	33	38	25,679
Employee entitlements	3,177	2,729	3,632	4,022	3,501
GST payable	5,030	(3,415)	(3,515)	(473)	5,336
Provision for lease	150	150	150	150	150
Total current liabilities	552,036	468,838	516,210	597,094	662,525
NON-CURRENT LIABILITIES					
Provision for lease	801	831	718	718	838
Employee entitlements	669	714	714	714	669
Total non-current liabilities	1,470	1,545	1,432	1,432	1,507
Total liabilities	553,506	470,383	517,642	598,526	664,032
Net assets	115,207	101,190	83,342	79,944	117,399
EQUITY					
General funds	115,207	101,190	83,342	79,944	117,399
Total equity	115,207	101,190	83,342	79,944	117,399

Included in the Receivables and Payables balances above is our grants Public Benefit Entity (PBE) accounting adjustment. This is the difference between the cash we pay to providers and what we owe them for delivery.

The actual PBE accounting adjustment at 30 September 2021 is \$466m compared to a budget of \$427m. The movement of \$122m from last year also reduces grants revenue and expenses.

Statement of Changes in Equity

For the period ended 30 September 2021

	2022 3 months actual \$000	2022 3 months SPE Budget \$000	2022 Full Year SPE budget \$000	2022 Full year forecast \$000	2021 Full year actual \$000
Balance at 1 July	117,399	98,577	71,577	117,399	139,534
Total comprehensive revenue and expense for the year	(2,181)	(829)	(2,002)	(43,917)	(30,599)
Capital contribution	-	3,450	13,800	6,500	8,500
Repayment of grants interest – MoE	(11)	(8)	(33)	(38)	(36)
Balance at 30 September	115,207	101,190	83,342	79,944	117,399

Breakdown of Cash Balances

As at 30 September 2021

	2022 3 months actual \$000	2022 3 months SPE Budget \$000	2022 Full Year SPE budget \$000	2022 Full year forecast \$000	2021 Full year actual \$000
Operations cash	22,001	25,776	20,620	15,420	27,515
Grants cash	83,873	30,189	31,542	32,333	70,670
Pre-purchased English Language Tuition cash	15,698	15,704	12,770	13,828	15,698
Cash and cash equivalents at 30 September	121,572	71,669	64,932	61,581	113,883

Statement of Cash Flows

For the period ended 30 September 2021

	2022 3 months Actual \$000	2022 3 months SPE Budget \$000	2022 Full Year SPE Budget \$000	2022 Full Year Forecast \$000	2021 Full Year Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash was provided from:</i>					
Grants – MoE	982,293	1,067,437	4,035,143	3,931,650	3,615,098
Grant recoveries – prior year	75	500	2,000	300	3,650
Grants – Pre-purchased English Language Tuition	557	-	(2,934)	(1,871)	3,289
Operating – MoE	19,525	19,307	77,230	79,592	81,924
Operating – Pre-purchased English Language Tuition	56	36	149	293	328
Operating – other	3,599	382	1,248	6,744	3,178
	1,006,105	1,087,662	4,112,836	4,016,708	3,707,467
<i>Cash was applied to:</i>					
Grants payments	(972,171)	(1,067,037)	(4,034,743)	(3,963,736)	(3,608,868)
Payments to employees	(14,659)	(15,288)	(56,325)	(58,666)	(55,388)
Other operating payments	(7,080)	(4,930)	(22,126)	(27,736)	(25,931)
GST – net	(306)	626	526	(5,810)	3,069
	(994,216)	(1,086,629)	(4,112,668)	(4,055,948)	(3,687,118)
Net cash flows from operating activities	11,889	1,033	168	(39,240)	20,349
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash was provided from:</i>					
Interest – operating	55	45	180	115	336
Sale of property, plant and equipment	-	-	-	-	12
	55	45	180	115	348
<i>Cash was applied to:</i>					
Purchase of intangible assets	(4,182)	(4,631)	(18,524)	(15,049)	(5,401)
Purchase of property, plant and equipment	(73)	(819)	(3,276)	(4,071)	(1,311)
	(4,255)	(5,450)	(21,800)	(19,120)	(6,712)
Net cash flows from investing activities	(4,200)	(5,405)	(21,620)	(19,005)	(6,364)
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash was provided from:</i>					
Capital contribution - MoE	-	3,450	13,800	6,500	8,500
<i>Cash was applied to:</i>					
Repayment of grants funding – MoE	-	-	(7)	(557)	(1,257)
Net cash flows from financing activities	-	3,450	13,793	5,943	7,243
Net increase/(decrease) in cash and cash equivalents	7,689	(922)	(7,659)	(52,302)	21,228
Cash and cash equivalents at 1 July	113,883	72,591	72,591	113,883	92,655
Cash and cash equivalents at 30 September	121,572	71,669	64,932	61,581	113,883