



TE PŪRONGO MAHI MŌ TE HAUWHĀ TUATORU O 2021/22

2021/22 QUARTER THREE PERFORMANCE REPORT

KO Ō MĀTOU WHĀINGA RAUTAKI OUR STRATEGIC INTENTIONS

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

Over the quarter:

- › Our four **learner success** projects were completed in February, with the four TEOs having successfully evaluated the process and outcomes associated with testing the learner success framework.
- › We received **2021 delivery data from TEOs** and assessed this against delivery commitments through our annual wash-up process. The **wash-up** for most funds is now complete and will result in \$25.6m being recovered from under-delivery.

Page 2

TE WHAKAHONO KAIWHAKAAKO KI NGĀ KAIWHAKAWHIWHI MAHI CONNECTING EDUCATORS & EMPLOYERS

Over the quarter:

- › We completed the first draft of our current state assessment of the **National Careers System** and are now working with key internal and external stakeholders to further refine it.
- › In preparation for the **Tahatū** Increment Three (Occupations) delivery, the New Zealand Occupations Data Set has been researched and specifically curated to represent the current New Zealand market.
- › The **VET marketing campaign** has continued to see engagement metrics increase month on month.

Page 5

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

Over the quarter:

- › The **RoVE** programme continues to deliver on schedule and within approved budget.
- › The **RoVEDIT** project continued delivering the internal changes needed for the TEC to enable and respond to **RoVE**.
- › A further three **Transitional ITOs** have had their transition plans approved for the latter half of 2022.
- › We continue to work closely with **Te Pūkenga** on the implementation of its transition and transformation programme, and to monitor its financial position

Page 7

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

Over the quarter:

- › We have been preparing for the **2021 PBRF wash-up** and the **2023 PBRF allocation**, both of which occur in August-September 2022.
- › We have been analysing final reports, including financial statements, that have been received from the ten **CoREs** that were funded up to 30 June 2021.

Page 10

KO Ō MĀTOU KAIWHAKAĀHEI OUR ENABLERS

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

Page 11

Over the quarter:

- › Our mahi continues in the **'Thriving TEC'** space, in alignment with the refreshed TEC Strategy. Our focus is on learner-centricity, equity, inclusivity and being intentional about our commitment to Te Tiriti o Waitangi.
- › The **Tōnui, Tōu Ora (flexible working) project** has been delivered successfully, with all TEC offices being brought together under one roof at 44 The Terrace.
- › In January we held a **business continuity exercise** to run through our preparations for the Omicron variant and the new COVID-19 traffic light settings with the three phases under the Red setting.
- › We continue to monitor and update our **ways of working** in TEC offices to reduce the risk of COVID-19 transmission whilst also ensuring operational flexibility.
- › We continue to develop our suite of resources to support **privacy practice** across the business.

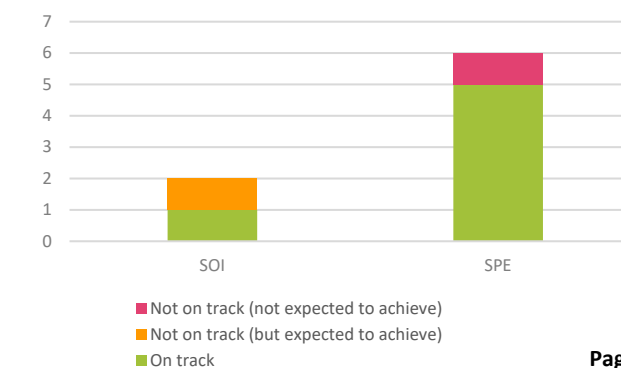
MAHINGA KORE AHUMONI NON-FINANCIAL PERFORMANCE

This quarter we report on eight of our measures. The graph shows how these eight measures are tracking.

As at 31 March 2022 we were:

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

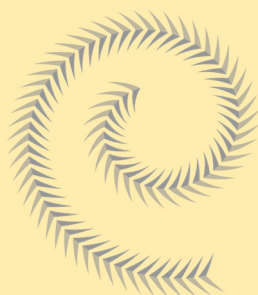
The measure not on track, and not expected to achieve target by the end of the year, relates to the percentage of Tertiary Education Institutes' council members and support staff attending our governance seminars who agree that they gained relevant knowledge to apply to their work.



Page 13

OUR COMMITMENT TO TE TIRITI O WAITANGI

HONOURING TE TIRITI O WAITANGI



Work on our TEC Te Tiriti framework and work programme continued to progress during the quarter. Moving on from the current state analysis and engagement with our ELT, we have produced a draft tool that staff can use to test and refine their Te Tiriti understanding across all parts of the organisation.

The tool was tested with key internal stakeholders as part of a two-day Te Tiriti staff training session. Based on this feedback, we are refining the tool and accompanying work programme, which will support the ongoing use of the tool, to present to our executive leadership team next quarter.

While we build our organisation-wide approach to honouring Te Tiriti, we continue to actively engage with Māori and iwi, especially through our business and partnership team and roll out our engagement approaches for key projects, like our National Career System Strategy.

An update on our work with the wānanga sector is covered in the *Te Hono Wānanga* section of this report (page 9).

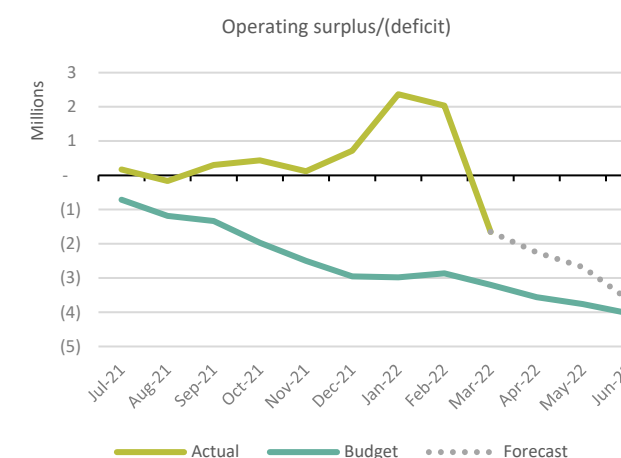
MAHINGA AHUMONI FINANCIAL PERFORMANCE

Early enrolment data suggests student demand will be lower in 2022 than in 2021

- › Based on early enrolment data, indicative SAC level 3 and above enrolments in 2022 reduced 6% compared to 2021.
- › We currently have \$80m in our grants Balance Sheet Mechanism. We now do not expect to use of these funds this financial year. We may need to use our balance sheet next financial year if we come under increased financial pressure in 2023.

Our full year forecast deficit is \$3.6m compared to budget of \$4.0m

- › We continue to see savings from delays to recruitment and from COVID-19 disruptions to planned work.
- › These savings have largely been offset by unbudgeted asset write downs and accelerated depreciation actioned during March. This is a result of recently announced changes to the accounting treatment of cloud computing arrangements.



Page 14

Over the quarter we have focused on the following:

Learner Success

Supporting TEO capability

Our four learner success projects were successfully completed early in February, with the four TEOs having successfully evaluated the process and outcomes associated with testing the learner success framework.

Ōritetanga Learner Success Sector Roll-Out Project

We are transitioning our work from testing and piloting our learner success approach to implementing it at scale across the sector. Our primary focus is working with TEIs to develop a Council-approved learner success plans (LSPs) that will be submitted as part of their Investment Plans by 8 July 2022. An extensive programme of engagement and communication commenced in February with TEI Councils, Vice Chancellors and Chief Executives and other senior leaders to ensure the work is owned and driven throughout institutions. We have set clear expectations that we expect LSPs to provide a roadmap for a whole-of-organisation approach to learner success.

Developing resources to support capability

A co-design approach to develop and redesign the existing Learner Success Diagnostic tool is underway. We sought feedback from TEOs on the useability of the tool late last year and subsequently identified opportunities to improve the tool. The outputs from a series of workshops with TEOs will shape the tool's refinement.

Establishing a community of practice

During the quarter preparation for an inaugural hui/workshop has been underway to create an opportunity to develop a shared understanding of Communities of Practice with TEI's. Our goal is to partner with key stakeholders that are leading the way in learner success to share good practice and build mechanisms for sharing this across the sector.

Investment round

The wash-up process is in progress and near completion

We received 2021 delivery data from TEOs and assessed this against delivery commitments through our annual wash-up process.

The wash-up for most funds is now complete and will result in \$25.6m being recovered from under-delivery. Most recoveries are small and payment will be made through a reduction to TEOs April or May monthly payment. However, a very small number of TEOs have larger payments required and we are seeking Board approval of their repayment plans. Recoveries were primarily from the Wānanga and PTE sectors.

The wash-up process for the Industry Training Fund, Targeted Trades and Apprenticeship Funding, and Fees-Free will be completed early in Quarter Four.

Re-investment of recovered funding will only be made where there is clear demand in key priority areas and to TEOs with high-quality performance.

We have kicked off the process for 2023 Investment

In February we published our Plan Guidance and gazetted criteria for 2023 Investment. These support the sector to understand what needs to be submitted in their Investment Plan and how we will assess it. Plan guidance sets out our expectations to the sector on key strategic areas of investment, which includes the health sector following COVID-19 impacts. In June 2022 we will provide additional information to the sector through our Supplementary Plan Guidance, including how we will incorporate first advice from WDCs and RSLGs.

The cross-directorate Investment Design Group (IDG) is working together to set the direction for delivering the 2023 Investment Round. The IDG is shaping approaches to indicative allocations, additional funding (for both 2022 and 2023), and assessment, and presenting these approaches to ELT.

Our ELT have endorsed a targeted approach for issuing additional funding for 2022, where we will identify providers with good performance in strategically important areas.

There is a lot of work happening in the investment process space (Investment Function Redesign, Unified Funding System, Investment Rounds 2022 and 2023), and significant change pressures on resources, as people move into project roles. The teams are working together to collaborate and prioritise activity to ensure we are ready to make funding decisions in the second half of the year.

Fees Free

During the period, we initiated an improvement review of key fees free processes. This includes the management of the Fees Free website, and the exceptional circumstances process. We are also supporting the MoE on a review of zero fee courses, and their inclusion towards learners entitlement use. These all will continue throughout the year.

The Fees Free marketing campaign ran from 29 November to 28 February. The campaign successfully engaged five priority audiences, encouraging them to visit the website and check their eligibility. Over this period the campaign drove 39,668 people to the website, a 13.7% increase on last year's campaign.

During the quarter we identified 38 false Statutory Declarations from learners, down from 48 for the same quarter last year. This brings the total to 796 since 2018, with the annual numbers declining each year. There were no further prosecutions in the quarter. Further detail on Fees Free monitoring is provided in the Monitoring TEOs section of this report (page 9).

Secondary Initial Teacher Education

Following the December SDR, we reported back on the delivery of secondary ITE provision in 2021 against 2021 secondary ITE targets.

The delivery of secondary ITE provision in 2021 (2,069 EFTS) increased by 662 EFTS from delivery in 2020 (1,407 EFTS). This represents a 47% increase. This result means secondary ITE providers exceeded the targets of 1,750 set for 2021 by 319 EFTS. This represents an 18% increase above the target.

The commitments of secondary ITE providers for 2022 have increased to 1,884 EFTS. As the target for 2022 was set at 1,860 EFTS, their commitments for the year are 24 EFTS over this target.

We continue to work with the MoE on approaches to improve the collection of subject-specific data from secondary ITE providers. This will inform new 2024 and 2025 subject-specific ITE targets for secondary ITE enrolments.

Centres of Vocational Excellence

On 28 February 2022, both Centres of Vocational Excellence (CoVEs) submitted their annual reports for the 2021 calendar year. The Food and Fibre CoVE report excellent progress over the year, with their collaborative approach to their work programme starting to result in an increasing body of industry-led projects. The Construction CoVE report that 2021 has proved to be more of a challenge, with COVID-19 lockdowns in the second half of the year causing substantial disruption and staff turnover. To address this, the CoVE is seeking to appoint a new General Manager and has established a new leadership role focused on applied research. We have been working closely with Construction CoVE's interim General Manager and Co-Chairs to ensure there is minimal further disruption to their work programme.

Despite this disruption, both CoVEs report a strong collaborative relationship with each other, and have begun forming relationships with their respective Workforce Development Councils. A joint hui between these entities is planned for the first half of 2022.



COVID-19 response and recovery

Early indications are showing overall enrolment demand is down on 2021, but remains higher than in 2020

Based on early enrolment data, indicative SAC level 3 and above enrolments in 2022 reduced 6% compared to 2021, with enrolment decreases across all subsectors. However, indicative enrolments in 2022 are 4% higher than pre-pandemic enrolments in 2020. These trends will be monitored closely following the April 2022 Single Data Return (SDR). Please note, MoE and TEC figures sometimes differ depending on when the SDR data is extracted.

With the continuing evolving situation of the Omicron variant – it is expected that learner demand and behaviour, and provider ability to both enrol and complete, will again be impacted. The TEC and MoE will continue very close interaction with all providers on a regular basis in order to understand the evolving picture. 2021 Educational Performance Indicators will be available in Quarter Four.

Providers continue to manage the Omicron outbreak. The full impacts will be evident following the April 2022 SDR.

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

Fund	Financial information (Note 1)		
	Actual as at 31/03/22 \$000	Budget 31/03/22 \$000	Budget 2021/22 \$000
Targeted Training and Apprenticeship Fund (TTAF)	182,228	160,000	160,000
Hardship for Learners Fund 2020 (HAFL/TAFL)	21,467	25,803	25,803
Workforce Development Council and Transitional Industry Training Organisation COVID-19 Response Projects Fund	5,077	10,872	10,872 (Note 2)
Workforce Development Councils Establishment Fund	3,830	6,000	6,000
Workforce Development Councils Fund	48,000	48,000	48,000
Careers System Online – Tahatū (figures project to date and Full capital budget)	11,324	12,142	15,000
ACE in Communities (Development & Delivery)	500	1,000	1,000
Tertiary Tuition and Training	105,375	140,500	140,500

We expect COVID-19 Response and Recovery funds to be close to budget at year end with the exceptions of the Targeted Training and Apprenticeship Fund (which will utilise surplus Fees Free funding to balance off a forecast overspend) and the WDC Establishment fund (which will transfer unspent funding to the WDC fund at year end).

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.

Note 2: Increase in budget from quarter one due to a transfer.

Single Point of Contact

The TEC established a Single Point of Contact (SPOC) team that went live on 8 February. The main purpose of the team is to serve a facilitation role for public health, by acting as a first point of contact for TEIs who have staff or learners that have tested positive for COVID-19. A dedicated phone number and email address was initially manned seven days a week during the hours of 8am and 6pm.

The SPOC team have connected providers with public health units, articulated various definitions/terms and often supported the sector by working through various process issues. Together with MoE and MoH several improvements and solutions have been landed and communicated swiftly in the tertiary bulletin.

We adjusted through the various phases and scaled up to a larger team as cases swiftly increased especially in halls of residence. As these are high risk environments, regular reporting also occurred to the Minister's office.

As the country moved to Rapid Antigen Tests (RATs), the sector settled as movement to self-management occurred. We have scaled down services accordingly.

We are now operating further limited services and will rely on normal communication channels mostly but will be ready to pivot and re-install services again if necessary, in the future.

Over the quarter we have focused on the following:

National Careers Strategy

Over the quarter, we completed the first draft of our current state assessment, which provides detail on how the careers system currently operates, profiles the system's stakeholders and users, and outlines how the system is connected to other government strategy and goals. We are now working with key internal and external stakeholders (such as MoE, MBIE, MSD CATE and CDANZ) to further refine that first draft of our current state assessment.

Preparation for engagement with Māori and facilitated engagement workshops with our stakeholders commenced during the quarter. We have also been working with other agencies and stakeholders to establish an external advisory group to support the next stages of the strategy work.

Initial Māori engagement indicated the need for considerably more in-depth engagement. This is being reflected in the next design and development phases of the Careers Strategy, which will use Te Kāhano, the TEC's framework developed to ensure Te Tiriti o Waitangi commitments guide the way we undertake the work. This will include seeking guidance from Te Arawhiti: The Office for Māori Crown Relations on the best way to partner with Māori throughout this process.

We are working towards having the National Careers Strategy completed in Quarter Two of the 2022/23 year.

Inspiring the Future

As at 5 April 2022, the Inspiring the Future platform has 476 role models who have completed their criminal record check and are visible on the platform (60% of our target of 800 role models by 30 June 2022). It is unlikely that we will realise our target within this financial year. A number of large-scale promotional events and conferences have been postponed or cancelled in Quarter Three. We are continuing our focus on the marketing campaign and stakeholder engagement work to assist with increasing role model numbers, and plan to attend the postponed events when they eventuate.

Since launch, we have had 93 schools sign up (79% of our target of 118) to run 31 events. Few schools are willing to run face to face events under the red traffic light setting and due to the increased active cases present, and teachers have had limited time and capacity to take on the initiative.

The recent significant increase in school sign ups (from 54 to 93 since the end of 2021) is likely to be due to our ongoing marketing, increased focus on working with MoE colleagues (such as Curriculum Leads and Principal Advisor - Secondary Transitions) since February, and the release of a video explaining how easy it is to run online events in late March. We are hoping to see an increase in online events booked in the next quarter.

Tahatū – an online career planning solution

Increment One (Foundations) functionality was delivered during the quarter, which comprises:

- › editorial content management system
- › ability for new users to sign up and log in, and
- › editorial content for career advice pages.

The programme has commenced the development of Increment Two (Qualifications) functionality (which is due for delivery in the fourth quarter of this financial year) in line with the programme delivery plan, including the:

- › qualifications landing page
- › study area page
- › qualifications cluster page, listing New Zealand Qualifications along with its children sections:
 - What's this study like?
 - Entry to study
 - Fees
- › provider-finder functionality, enabling the search of providers/institutions that offer a qualification of interest.

The detailed pilot plan, where teachers and career advisors representing 23 schools from across New Zealand, representative of roll size, decile, region, metro vs rural is nearing completion to start in Term Three 2022.

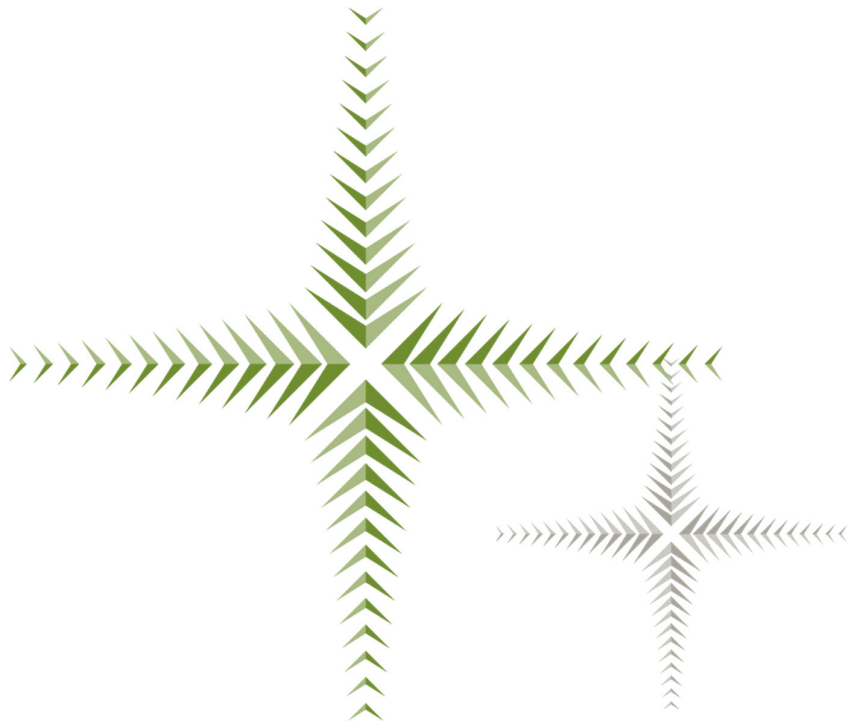
Regular meetings with Industry and Government stakeholders continue to provide advice into Tahatū.

The New Zealand Occupations Data Set

In preparation for the Tahatū Increment Three (Occupations) delivery (which is due for delivery in the next financial year), the New Zealand Occupations Data Set has been researched and specifically curated to represent the current New Zealand market.

Over 1,000 occupations from the American Occupation Classification dataset (O*Net) have been researched and 800 are complete for Tahatū. This is double the size of the existing 'Occupations' database in Careers.govt.nz. Next steps, in parallel with the development work, is to form a governance group to ensure that the dataset is maintained and prioritised in line with user needs and national skills priorities (as outlined by RSLGs and WDCs), employers and peak bodies.

An approach for the collection of the data set called Kaupapa Māori Occupations is now agreed. This is a unique data set to New Zealand and is suspected to be a world-first in the specification of indigenous roles in the workforce.



VET marketing campaign

The VET marketing campaign has continued to see engagement metrics such as onsite interactions and video views increase month on month.

Activity during the quarter included television and radio advertising, social media advertising, programmatic online banner and video, as well as Google search ads.

The VET marketing campaign worked with five social media influencers during the month of March to reach younger learners and women. So far, this activity has generated more than 260,000 views and generated more than 380 comments.

Direct Career Service

As at 31 March, local and dedicated phone service had interacted with 7,258 clients through one on one sessions, and workshops in person, online and over the phone.

60% of customers are women and 34% of those accessing the service locally are Māori.

A further independent evaluation was finalised at the end of March and adds to the evidence of value the service offers. Clients again expressed high levels of satisfaction with their experience, with 95% of respondents “absolutely” recommending services to their friends and whānau. Survey respondents came from a full range of employment and qualification status as indicated below showing a range of needs are being met. Clients expressed significant improvement in knowledge skill and confidence, with 85% clients specifically mentioned improved skill levels at articulating their value in job applications and interviews.

Site restrictions have continued to impact on access to the local service. Marketing access channels have been reviewed with significant changes being made to improve the ability of customers to access support. Changes include a dedicated 0800 and email which marketing will now point to, as well as a resource to manage bookings through these channels.

The MSD are in the process of making decisions as to the continuation of the Direct Career Service.

Over the quarter we have focused on the following:

The Reform of Vocational Education

The Reform of Vocational Education (RoVE) programme continues to deliver on schedule and within approved budget. During the quarter, the RoVE programme:

- › underwent a Gateway review with a focus on integration across the programme
- › gained approval for a further two TITO transitions to occur in the latter half of the year
- › completed modelling on final UFS rates and gained ministerial approval
- › formally reviewed the RoVE programme's work to support the Crown establish and regulate an education system honouring Te Tiriti and supporting Māori-Crown relationships. The report and recommendations were presented to the RoVE Programme Board in March 2022
- › planned an online hui for key stakeholders across RoVE and VET. The hui was successfully delivered on 6 April
- › formed a working group - Te Rāngai Ohu Mahi - Paerewa Ako me te Marautanga ā-motu | Skill Standards and 'National Curriculum' Sector - co led by NZQA and WDCs, and
- › continued to keep key stakeholders engaged and informed with regular updates on project and programme activities.

The TEC has also progressed work to better align all investment projects and change, including the UFS, Investment Function Redesign, RoVE Design and Implementation (RoVEDIT) and the Investment Round 2022/23. This will better integrate and align the work, simplify current governance, and importantly ensure a connected approach for the sector.

RoVE Design and Implementation Team (RoVEDIT)

During the quarter, the RoVEDIT project continued delivering the internal changes needed for the TEC to enable and respond to RoVE. Key activities over the quarter included:

- › working with the TEC's Relationship Managers on a pilot approach to engaging with and supporting TITO receiving organisations post transition. The approach provides additional support to Receiving Organisations during their first year to 18 months of delivering Arranging Training. It will ensure their delivery is sustainable and aligned with the outcomes of the reformed vocational education system. The pilot will continue until June 2022 when it will be reviewed. It has been received well so far
- › working with the RoVE TITO Transitions project and TEC BAU to deliver the transition of MITO to Te Pūkenga and MAST (a PTE) on 1 January. This is the sixth TITO to successfully transition
- › supporting TEC BAU to prepare for the Service IQ and first tranche of the Skills Org transition on 1 July. These transitions are on track
- › continuing to support the WDC's through their establishment phase and initial operational phases and helping them to prepare to deliver key functions in 2022. This involved supporting the TEC's Partnership Managers to work with WDCs on their 2022 Advice to TEC, facilitating the TEC to assess and provide feedback on the WDC's establishment phase progress reports, developing processes for assessing and providing feedback to the WDC's on their establishment phase final reports and 2022/2023 operational plans, and developing performance measures for the WDCs' 2022/2023 funding period. This activity will continue through the next quarter. The WDC's establishment phase final reports and operational plans for 2022/2023 are due on 29 April 2022
- › developing internal processes for the TEC to support the WDC's functions. This included developing and testing an approach to the TEC's internal response to the WDC's Skills and Workforce Development Plans. These plans, due in mid-2022, will provide useful insights for many areas of the TEC, and
- › supporting the TEC's Relationship Support team with developing processes for responding to data requests from WDCs and RSLGs. This forms part of the data and information relationship between these entities. Having a strong data and information relationship is one of the key ways entities can work together to achieve the outcomes of the reformed vocational education system.

Unifying the vocational education funding system

Steady progress is being made in the project with all operational design work-streams underway. Key areas of progress include: the design of the short-term technical solution, finalisation of technical mode definitions, design of the strategic component funding approach, learner component performance element design and funding methodology and modelling initial allocations.

Engagement with the sector is increasing, particularly with PTE peak bodies, who continue to express concerns regarding the impact of the UFS on their sector and other providers which we are actively managing.

Establishing Regional Skills Leadership Groups

RSLGs continue to focus on the delivery of their first annual Regional Workforce Plans (RWPs), expected by 30 June 2022. Building off the regional workforce aspirations that they set late last year, their RWPs will undergo both regional and national peer review processes before their publication.

RSLGs also continue to produce regular Local Insights Reports which provide timely, qualitative labour market information that is not currently collected systematically by central government.

Communications and engagement

The communications and engagement work stream has focused on the preparation and planning for the RoVE hui in April. This was an opportunity for the key parts of RoVE to come together and for the RoVE vision to be clearly articulated from a number of perspectives. The TEC, MBIE, WDCs, RSLGs, NZQA, WDCs, Taumata Aronui and Te Pūkenga all contributed to the hui as presenters or as part of panel discussions.

The RoVE Communications and Engagement team has continued with preparation and support for the release of the UFS funding rates. There is expected to be significant interest in this release, and wider engagement with the sector is also being planned.

Transitional Industry Training Organisations

Five Transitional Industry Training Organisations (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
MITO	99% Te Pūkenga WBL 1% MAST Academy (for the industrial textiles industry)	1 January 2022

A further three TITOs have had their transition plans approved for the latter half of 2022. Work continues across the TEC to ensure a smooth transition for staff and learners to receiving organisations.

TITO	Current status	Intended receiving provider(s) (subject to approval from TEC Board)	Expected transition date
Service IQ	Final plan approved	100% Te Pūkenga WBL	1 Jul 2022
Primary ITO	Final plan approved	100% Te Pūkenga WBL	5 Oct 2022
The Skills Organisation	Final plan approved	Seven providers: ~60% to Te Pūkenga WBL ~16% to Ignite (Skills PTE) ~11% to ETCO ~8% to Vertical Horizonz ~5% to three smaller PTEs (including a Skills PTE)	Phased transitions based on cohort: 01 Jul 2022 01 Sept 2022 01 Oct 2022

Planning is at an advanced stage with the remaining three TITOs, as set out in the table below. Relationships with these TITOs and other key interested parties are being actively managed to ensure transparent, robust and fair decision-making that meets the needs of learners, employers and industry.

TITO	Current status	Intended receiving provider(s) (subject to approval from TEC Board)	Expected transition date
Careerforce	Final plan received	100% Te Pūkenga WBL	1 Sept 2022
Skills Active Aotearoa	Final plan received	Preference is to a new PTE created by Skills Active	Oct 2022
HITO	Final plan expected by 31 May 2022	A 'lift and shift' to Te Pūkenga	Sep or Nov 2022

The TEC continues to expect all transitions will be completed by the legislated deadline of 31 December 2022.

Simplifying the design of vocational qualifications

Te Rāngai Ohu Mahi - Paerewa Ako me te Marautanga ā-motu | Skill Standards and 'National Curriculum' Sector working group had their first two meetings on 17 February and 3 March 2022. The meetings were attended by members who are technical experts from key stakeholder and partner groups. These included wānanga, universities, Te Pūkenga, Government Training Establishments, PTEs, schools and kura, TEU, Transitional ITOs, WDCs, NZQA, TEC, and the Ministry of Education. The addition of further sector working group members representative of Pacific and disabled peoples is being progressed.

To date the work has focused on finalising the Terms of Reference which were approved on 3 March 2022. Discussion is also underway about the design principles for skill standards.

NZQA continue to work with a number of organisations intending to apply for PTE status as part of TITO transition plans. PTE status is required to deliver and receive TEC funding.



Monitoring TEOs

We continue to closely monitor the financial position of Te Pūkenga, as well as its overall performance. This includes a focus on the implementation of its transition and transformation programme. We provided our latest quarterly report to the Minister of Education on Te Pūkenga's progress on 1 March 2022. Our next quarterly report will be provided in May 2022. During the quarter, we supported the independent Strategic Review and have worked with Te Pūkenga in relation to the implementation of the recommendations made. We continue to have concerns about the overall progress being made on Te Pūkenga's transformation programme. Due to the lack of progress to date, there is a significant amount of change needing to occur prior to 1 January 2023. We will continue with our close monitoring and work closely with Te Pūkenga management and provide support to assist it to deliver on its objectives, where required.

We continue to work closely with the university sector to understand their financial position. In February we received draft 2021 results, which showed improvement in profitability from 2020. We continue to have regular discussions with university senior management regarding their respective financial performance. Universities have very large capital programmes planned over the next decade, and over the quarter two new borrowing consent applications were received. We are aware of a further request that will be made early next quarter. We have been engaging with the universities and the Ministry of Education around these requests.

During the quarter we supported two Workforce Development Councils as they began the process of recruiting council members where terms expire in 2022. Ringa Hora has one Ministerial appointment and two council appointments due, and Muka Tangata has all 12 appointments due for the Minister's consideration. We began work to advise the Minister about two vacancies on TEI councils as a result of resignations at the University of Canterbury and Te Wananga o Aotearoa. A briefing for students in governance roles is scheduled for 13 April 2022 and a focused briefing on Learner Success for TEI council members on 13 May 2022.

As at March 2021, we have one TEO investigation underway. No investigations were completed in quarter three, meaning no new investigation reports being published on the TEC website. We initiated a focused audit on a provider offering a managed apprenticeship due to concerns with its reporting and also to further understand how similar qualifications will operate in light of the Unified Funding System.

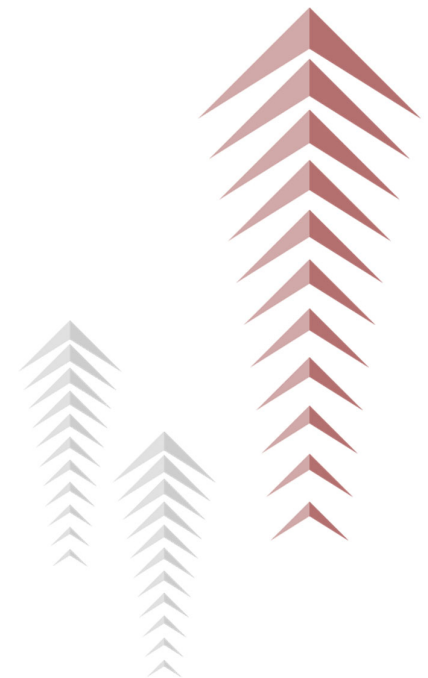
During the quarter, we identified 38 false statutory declarations relating to Fees Free. We issued one formal warning to an individual. We have identified a total of 796 since the introduction of Fees Free. We have no current legal proceedings underway in relation to false Fees Free statutory declarations.

Internally, we have completed our high financial viability risk review, and will now shift our focus to operational improvements that can be made around the way in which we complete our financial monitoring activity.

Te Hono Wānanga

Work with the individual wānanga continued this quarter. Te Wānanga o Aotearoa and Te Whare Wānanga o Awanuiārangi's proposals for contingency funding were finalised and s556 grants signed off by Ministers.

Advice has been put to Ministers on potential options for legislative, accountability and governance status changes. The paper acknowledges that each wānanga is seeking different changes to its settings on different timelines i.e. Te Wānanga o Raukawa has a well-developed proposal but the other two wānanga are just starting to work through these issues. To allow scope to address their unique aspirations and respect the individual process of each wānanga, the paper proposes using primary legislation to create an enabling, high-level framework that outlines provisions that would apply across all the wānanga. Each wānanga could then choose to opt into the proposed framework using secondary legislation which would set out unique settings within the framework, subject to the agreement of Government.



Over the quarter we have focused on the following:

Performance Based Research Fund (PBRF)

PBRF Annual Funding Round

We have been preparing for the 2021 PBRF wash-up and the 2023 PBRF allocation, both of which occur in August-September 2022.

Quality Evaluation 2025

During this period, we worked with the Co-Chairs and members of the Sector Reference Group to consider feedback on the definition of research and research excellence consultation paper, which was published in December 2021. Meeting in February and March, the SRG began to formulate its recommendations to the TEC in this area, which will be the basis of its first set of recommendations on the design of the Quality Evaluation in the next quarter.

Targeted consultation with Māori and Pacific research groups was organised to ensure that the SRG has a fuller understanding of how the PBRF Quality Evaluation can best recognise and value Māori researchers and Pacific researchers and their research. Additional discussions were also organised to allow TEC officials and the SRG Co-Chairs to meet with representatives from the universities, the Wānanga, and Te Pūkenga.

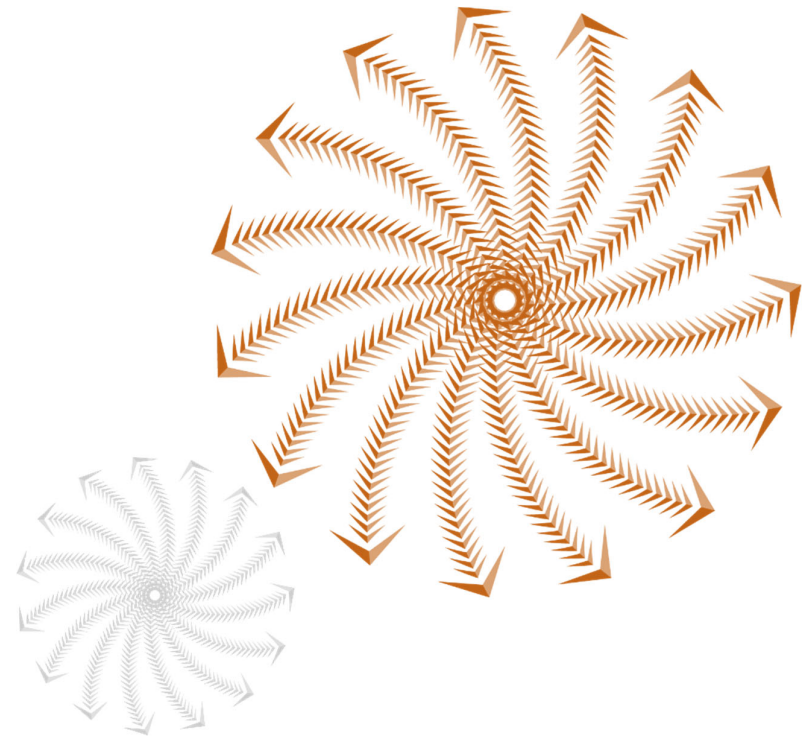
The SRG finished its work on developing options for the redesign of Evidence Portfolios and on the approach to the Moderation Team for the Quality Evaluation 2025 and opened sector consultation on these issues. Work also began on developing options for the next consultation, which will focus on Individual Circumstances including criteria for Extraordinary Circumstances and for New and Emerging Researchers, as well as reporting of ethnicity.

Some adjustments to the consultation timeline were made to reflect a sector request for an extended consultation period on Evidence Portfolio design. The budget for the project was confirmed and preparation for the next round of recruitment to the project team began.

Centres of Research Excellence

We have been analysing final reports, including financial statements, that have been received from the ten Centres of Research Excellence (CoREs) that were funded up to 30 June 2021.

The ten new CoREs are preparing reports on their first six months of operation, from 1 July 2021 to 31 December 2021.



Over the quarter we have focused on the following:

Internal systems and processes

Cultivating a Thriving TEC

Our mahi continues in this space, in alignment with the refreshed TEC Strategy. Our focus is on learner-centricity, equity, inclusivity and being intentional about our commitment to Te Tiriti o Waitangi. We have made significant progress in the following areas.

He Marae Tangata – lifting our people capability

Based on our Capability Framework, we have begun work on Kāpehu (=‘compass’), which is a set of capability assessments for our people. These online assessments may be completed individually or in pairs/groups, followed by guided self-reflection and capability-centred kōrero with the leader, peer, coach or team. The purpose of this is to identify development areas and find Learning & Development solutions which are targeted at lifting the desired Knowledge, Skills and Attitudes identified in our Capability Framework.

Wraparound resources are being created to support our people’s understanding of capabilities, a Knowledge Space will be created, and a group of Champions have been identified to socialise these concepts and solutions with our people. People leaders will be supported via HR-led sessions and supporting resources (e.g. guides) to enable them to have meaningful capability kōrero. A Learning Needs Analysis is in progress and priority learning solutions are currently being rolled out (e.g. Te Tiriti training). It is expected that the Framework, resources and at least one assessment will be launched before 30 June.

‘No Ordinary Treaty Training’

We have a commitment to honour Te Tiriti in our strategy; and identified this as a foundational capability in our He Marae Tangata Capability Framework. To give our people a deeper understanding of Te Tiriti in the context of our work at the TEC, particularly focusing on partnerships, this new two-day training was developed and delivered to approximately 80 staff. One of our DCEs was the lead facilitator. Immediate evaluation shows a high degree of engagement, relevance, and commitment. We are currently exploring how we can make this a standard and sustainable offering to our people, going forward.

Embedding Flexible Work

The Tōnui, Tōu Ora project has been delivered successfully, with all TEC offices being brought together under one roof (44 The Terrace). New ‘neighbourhoods’ and collaboration zones have been created and new equipment provided. Floor Management Groups are in operation to support a smooth transition into the new workspace and a fully flexible way of working.

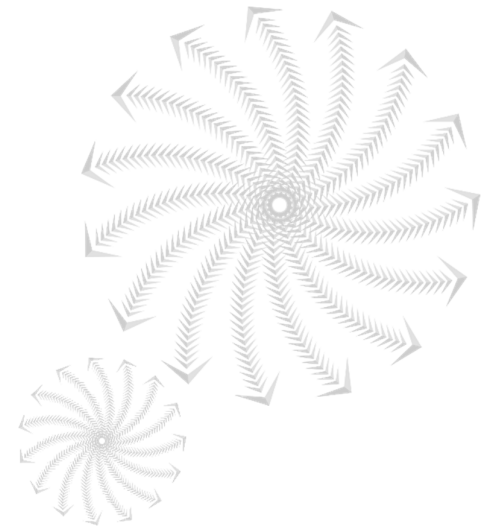
All staff have attended a session with a flexible work expert (external contractor) which provided them with some key messages, tools and approaches to facilitate flexible working. We are currently updating our Flexible Working Guidelines. Our approach to flexible work includes a focus on productivity, connectivity, wellbeing and Health & Safety. Two learning packages on flexible work (videos and workbooks) are available to our staff.

Action Planning on Engagement Survey

We have provided our leaders (from ELT to Tier 4) with their team/business unit/directorate’s Engagement Survey results along with analysis and insights. In addition, our ELT has been provided with TEC-wide results and demographic variances. Leaders are in the process of action planning with their teams, selecting areas which they wish to focus on this year. HR facilitated some sessions on request, which were focused on specific topics.

Focus on Māori and Pasifika leadership

We are currently in the discovery phase of identifying a leadership pathway and programme for Māori and Pasifika aspiring leaders and existing leaders at TEC. This includes recommending nomination criteria, structure of a leadership solution and creating a pathway for Māori and Pasifika leaders/budding leaders. This initiative is in alignment with all the Goals in our strategy, as well as one of the priorities across the public sector.



Data and digital

Data Exchange Platform

The first phase of the Data Exchange Platform project mitigates 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 WS2 functionality was delivered in November 2021. We are targeting a release date of mid-June for the STEO functionality. Testing with providers is planned for early May.

Cybersecurity at the TEC

We have completed the update, and received approval from the board, for our Use of Technology, Information Security and Asset Management policies. Multi-factor authentication has been implemented across the organisation giving us an additional layer of security particularly where staff are accessing our systems from outside the office. Azure password protection has also been implemented, which allows us to prevent the use of weak passwords at the TEC.

As part of our ongoing programme of work we are underway with Improving our security associated with phishing and we are now looking to bolster our security monitoring and detection. This work is in line with the recommendations made by our security partner using the National Institute of Standards and Technology cybersecurity framework.

Cybersecurity and the tertiary sector

To coordinate activities across the education sector the Education Digital and Data Board has formed a cybersecurity sub-group. We are now working through the sub-group to progress tertiary sector cybersecurity initiatives.

The subgroup is working to agree the programme of work with the agencies involved. The programme of work identifies what activities need to be undertaken across the education sector.

Microsoft licensing agreement

The Microsoft higher education licensing agreement provides Universities, Te Pūkenga and Wānanga with access, over a five-year period, to Microsoft products on improved commercial and procurement terms. In addition to the reduced licencing costs, the agreement provides access to enhanced features that will improve their overall level of cybersecurity.

The TEC-led negotiations were concluded in December. We have since led the work to transition the sector into the agreement. This enabled the sector to have their licensing solution providers in place in time for their scheduled transition and has realised considerable costs savings to the sector of between \$25-30m over the life of the five-year agreement. The Universities, Wananga and TEC transitioned on 1 March, and Te Pūkenga on 1 April. The sector has acknowledged the work and spirit of partnership undertaken by the TEC in securing this deal and making it a smooth transition. Microsoft have celebrated this comprehensive country wide academic licensing agreement for the higher education sector as a global first for them.

Impacts of COVID-19 on TEC operations

The current focus of our business continuity preparedness continues to centre around COVID-19.

In January 2022 we held a business continuity exercise to run through our preparations for the Omicron variant and the new COVID-19 traffic light settings with the three phases under the Red setting. This exercise involved our Critical Incident Management team and focussed on both the staff welfare and business continuity aspects of our preparations.

We have also reviewed and updated our COVID-19 Protection Framework to ensure it reflects any changes to public health measures/guidelines. This includes details on any additional measures the TEC has chosen to put in place to protect the welfare of our people, but also to ensure that we continue to operate with minimal disruption. We continue to monitor and update our ways of working in TEC offices to reduce the risk of transmission whilst also ensuring operational flexibility.

Managing risk

We are currently recruiting new risk capability to progress our operational and strategic risk frameworks.

Our updated operational risk framework is now lead by the Tier 3 leadership group, moving away from identifying risks within each Directorate. This aims to provide a more horizontal view of our key risks, remove duplication, and provide a much closer link to our work programme priorities.

Our strategic risks continue to be reviewed and updated by the Executive Leadership team on a six-monthly basis.

Privacy

We continue to develop our suite of resources to support privacy practice across the business. We provide training, communications, and support with incident management and reporting as required. We have conducted several Privacy Impact Assessments to ensure that new initiatives are designed in a privacy centric manner.

Quarter three 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 three		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	1	1	-
SPE measures	6	5	0	1
Total measures	8	6	1	1

The measure not on track but expected to achieve target by the end of the year, relates to the percentage of learners accessing the desired range (hours) of English for Speakers of Other Languages. The measure not on track, and not expected to achieve target by the end of the year, relates to the 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.

Sector output measures

Document	Measure	Actual year to date (2021)	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	58.53%	At least 53%	52.94%
		Workplace Literacy and Numeracy (tertiary education organisation – led)	70.17%	At least 63%	73.68%
		English for Speakers of Other languages	91.25% (Note 2)	At least 93%	92.97%
	Gateway – total participants and number of schools	14,133 in 368 schools	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 The condition of this fund is that it is to be delivered face-to face. The TEC granted exemption to the conditions that TEOs could do on-line delivery. However, some TEOs mentioned that due to the impacts of COVID-19 and various lockdowns and restrictions that occurred in 2021, its ability to provide training to the learners was impacted for a significant portion of 2021. Digital delivery was used wherever possible. However, for a wide range of the clients that they work with, digital delivery was not seen as a viable option due to access issues and/or the family commitments of learners. The lockdowns in early 2021, and then August to December of 2021, meant some TEOs had invested significant money and resources into programmes which were ultimately not able to be delivered. High absenteeism and a significant portion of postponed programmes led to a very high cost of effort with much smaller return in 2021.

TEC output measures

Document	Measure	Actual as at 31/03/21	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	2 (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	5	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	100% (Note 2)	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	99.94% (Note 3)	99.5%	99.88%

Note 1 We have completed two system reviews - both in relation to private training establishments (PTEs). One was to review our monitoring of the PTEs we have classified as a high financial viability risk, and the other examining the PTEs that are currently forecast to under-deliver against full year delivery targets. The findings of the High Risk PTEs review will inform whether any changes need to be made to operational practices or our PTE Financial Monitoring Framework. We will also be reviewing the impacts of any possible under delivery on the financial viability of the high risk PTEs.

We have two other system reviews that have had initial scoping - a review of TEOs that receive Employer-led Workplace Literacy and Numeracy funding and how the TEC monitors the fund and a review of Pre-Purchased English Language Tuition. These reviews have been stalled (largely due to COVID-19 related delays) however, we will continue to progress these with the intent of having one finished by 30 June 2022.

Note 2 This result reflects the result as reported at the end of Q2. No further webinars were run during Q3. Further webinars are planned for Q4.

Note 3 11 out of 19,339 payments to TEOs were made late. We are well on track to meet the target at the end of the financial year.

Early enrolment data suggests student demand will be lower in 2022 than in 2021

Based on early enrolment data, indicative Student Achievement Component (SAC) level 3 and above enrolments in 2022 reduced 6% compared to 2021. We are forecasting an underspend of \$41m in SAC in 2021/22 which will be used to part fund a budget bid for additional grant funding in 2023.

We currently have \$80m in our grants Balance Sheet Mechanism (BMF) made up of \$46m receivable from MoE plus funds held in our equity of \$34m. We now do not expect to use of these funds this financial year. We may need to use our balance sheet next financial year if we come under increased financial pressure in 2023.

We expect a surplus in Fees Free this financial year. Cabinet have delegated authority for Joint Ministers to approve use of this funding for SAC/Industry Training Fund should high demand eventuate in 2022. The early indication is this will not be necessary. Any 2022 pressures will be addressed by reprioritisations within the multi-category appropriation (MCA). This will fund the forecast overspend in Training for Designated Groups.

The forecast is based on current allocations, current and forecast recoveries for 2021, and forecast accounting adjustment calculations for January to June 2022. We will continue to adjust the forecast as further information is received.

Depending on demand, we may come under pressure in 2022/23. A budget bid has been raised for further funding in 2023.

We are forecasting a higher grants spend in 2021/22 than 2020/21 due to COVID-19 related accounting adjustments

Overall grant spend is forecast to be \$3.819b. This is higher than last year's grant spend of \$2.614b. The majority of the increased spend is due to the accounting implications of guaranteeing tertiary education organisation (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.

Our \$1.7m operating deficit is better than the budgeted deficit of \$3.2m by \$1.5m at the end of quarter three 2021/22

We are under budget mainly because the Reform of Vocational Education (RoVE) programme is under budget by \$0.9m and the impact from COVID-19 lockdowns for Direct Careers Services of \$0.3m. For RoVE, timeframes for the recruitment of additional staffing for the Unified Funding System implementation were extended to match design approval. This has been addressed by transferring appropriation revenue of \$3.0m into 2022/23 from 2021/22 as part of the March Baseline Update.

Our full year forecast deficit is \$3.6m compared to a budgeted deficit of \$4.0m

We continue to see COVID-19 impacting our travel, and engagement of contractors and consultants for specific programmes. These savings have largely been offset by unbudgeted asset write downs and accelerated depreciation due to the of recently announced changes to the accounting treatment of cloud computing arrangements. They were actioned during March with a YTD impact of \$2.5m and a full year forecast impact of \$3.1m.

Core costs make up 73% of our overall spend with the remaining 27% spent on programmes and projects (including RoVE). Our Board has previously agreed to use our cash reserves to fund programmes and projects to support the sector. This drives our budgeted deficit of \$4.0m.

Our proposed SPE shows a \$5.0m deficit in 2022/23

We plan to budget for another deficit in our 2022/23 SPE of \$5.0m. We have three main operating pressures:

- › Increasing personnel costs,
- › Our response to cost pressures from our changing environment e.g. inflation, and
- › The effect of Cloud/Software as a Service on our operating cost due to the accelerated depreciation and the technical rules for software development capitalisation.

We are continuing to review our cost base with a view to identifying efficiencies. Our financial position remains robust with forecast operating cash of \$25m on 30 June 2022.

Financial Statements

Grants revenue and expenses

For the period ended 31 March 2022

	2022 9 months actual \$000	2022 9 months SPE budget \$000	2022 Full year SPE budget \$000	2022 Full year forecast \$000	2021 Full year actual \$000
REVENUE					
Crown revenue	2,824,543	2,831,791	3,889,548	3,838,061	2,584,174
Prior year recoveries	137	1,500	2,000	2,000	3,650
Interest	157	25	33	250	36
Total revenue	2,824,837	2,833,316	3,891,581	3,840,311	2,587,860
Less revenue administered by Ministry of Education	(16,748)	(6,024)	(7,448)	(19,459)	(1,237)
Total revenue administered by TEC	2,808,089	2,827,292	3,884,133	3,820,852	2,586,623
EXPENSES					
Tertiary Tuition and Training multi-category appropriation					
<i>Community Education</i>	52,882	63,997	85,497	72,579	45,682
<i>Tertiary Education: Student Achievement Component</i>	1,638,714	1,606,078	2,376,032	2,328,039	1,504,286
<i>Training for Designated Groups</i>	229,000	226,318	306,243	322,546	162,625
<i>Fees-free Payments</i>	458,555	510,830	541,344	481,488	337,646
Total Tertiary Tuition and Training multi-category appropriation	2,379,151	2,407,223	3,309,116	3,204,652	2,050,239
Access to Tertiary Education	42,487	27,861	44,415	65,670	42,282
Tertiary Sector / Industry Collaboration projects	27,697	35,749	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	36,081	36,000	48,000	48,000	-
Secondary-Tertiary Interface (Vote Education)	20,983	22,923	30,564	30,816	15,057
Centres of Research Excellence	37,350	37,350	49,800	49,800	49,800
Tertiary Education Research and Research-Based Teaching	240,375	240,375	321,000	321,000	321,000
University-led Innovation	6,861	7,013	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	17,000	4,000	4,000	22,000	-
Tertiary Scholarships and Awards	13,993	13,297	19,868	19,879	14,734
Total expenses	2,824,543	2,831,791	3,889,548	3,838,061	2,615,377
Less expenses administered by Ministry of Education	(16,748)	(6,024)	(7,448)	(19,459)	(1,237)
Total expenses administered by TEC	2,807,795	2,825,767	3,882,100	3,818,602	2,614,140
Surplus/(deficit)	294	1,525	2,033	2,250	(27,517)

Operational revenue and expenses

For the period ended 31 March 2022

	2022 9 months actual \$000	2022 9 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	57,531	57,922	77,230	76,777	81,924
– Māori Education Trust (Ministry of Education-administered)	82	82	109	109	109
Contract – Pre-purchased English Language Tuition	165	107	442	430	605
Contract – Migrant Futures	-	-	-	-	1,676
Interest	187	135	180	252	297
Other	2,234	936	1,248	3,340	1,381
Total revenue	60,199	59,182	79,209	80,908	85,992
EXPENSES					
Tertiary Education Commission	61,773	62,305	83,135	84,447	88,965
Māori Education Trust (Ministry of Education-administered)	82	82	109	109	109
Total expenses	61,855	62,387	83,244	84,556	89,074
Surplus/(deficit)	(1,656)	(3,205)	(4,035)	(3,648)	(3,082)

Statement of Comprehensive Revenue and Expense

For the period ended 31 March 2022

	2022 9 months actual \$000	2022 9 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)	2,807,795	2,825,767	3,882,100	3,818,602	2,582,937
Prior year recoveries – net	137	1,500	2,000	2,000	3,650
Total grants revenue	2,807,932	2,827,267	3,884,100	3,820,602	2,586,587
Operating revenue:					
Vote Tertiary Education – MoE	57,531	57,922	77,230	76,777	81,924
Contract – Migrant Futures	-	-	-	-	1,676
Contract – Pre-purchased English Language Tuition	165	107	442	430	605
Other revenue	2,234	936	1,248	3,340	1,381
Total operating revenue	59,930	58,965	78,920	80,547	85,586
Finance revenue:					
Interest – grants	157	25	33	250	36
Interest – operating	187	135	180	252	297
Total finance revenue	344	160	213	502	333
Total revenue	2,868,206	2,886,392	3,963,233	3,901,651	2,672,506
EXPENSE					
Grants expense:					
Grants expense	2,807,980	2,825,392	3,881,600	3,818,802	2,614,583
Bad and doubtful debts	(185)	375	500	(200)	(443)
Total grants expense	2,807,795	2,825,767	3,882,100	3,818,602	2,614,140
Operating expense:					
Personnel costs	41,169	42,654	56,701	56,202	55,569
Amortisation	3,749	2,138	2,900	5,049	3,245
Depreciation	736	997	1,494	965	1,256
Other expenses	16,119	16,516	22,040	22,231	28,895
Total operating expense	61,773	62,305	83,135	84,447	88,965
Total expense	2,869,568	2,888,072	3,965,235	3,903,049	2,703,105
SURPLUS/(DEFICIT)					
Grants surplus/(deficit)	294	1,525	2,033	2,250	(27,517)
Operating surplus/(deficit)	(1,656)	(3,205)	(4,035)	(3,648)	(3,082)
Total comprehensive revenue and expense	(1,362)	(1,680)	(2,002)	(1,398)	(30,599)

Statement of Financial Position

As as 31 March 2022

	2022 9 months actual \$000	2022 9 months SPE budget \$000	2022 Full year SPE budget \$000	2022 Full year forecast \$000	2021 Full year actual \$000
CURRENT ASSETS					
Receivables	516,798	396,524	497,242	601,763	647,037
Cash and cash equivalents	83,378	68,875	64,932	91,532	113,883
Prepayments	878	1,020	1,020	1,000	1,139
Total current assets	601,054	466,419	563,194	694,295	762,059
NON-CURRENT ASSETS					
Intangible assets	20,316	27,467	31,337	22,652	15,172
Property, plant and equipment	3,615	6,131	6,453	4,658	4,200
Total non-current assets	23,931	33,598	37,790	27,310	19,372
Total assets	624,985	500,017	600,984	721,605	781,431
CURRENT LIABILITIES					
Payables	457,471	374,146	501,449	572,679	610,325
Pre-purchased English Language Tuition – fees in advance	16,924	17,688	14,461	13,310	17,534
Repayment of grants funding – MoE	22,550	-	33	536	25,679
Employee entitlements	2,837	2,734	3,632	3,782	3,501
GST payable	5,500	(3,392)	(3,515)	8,479	5,336
Provision for lease	150	150	150	150	150
Total current liabilities	505,432	391,326	516,210	598,936	662,525
NON-CURRENT LIABILITIES					
Provision for lease	725	755	718	718	838
Employee entitlements	698	714	714	700	669
Total non-current liabilities	1,423	1,469	1,432	1,418	1,507
Total liabilities	506,855	392,795	517,642	600,354	664,032
Net assets	118,130	107,222	83,342	121,251	117,399
EQUITY					
General funds	118,130	107,222	83,342	121,251	117,399
Total equity	118,130	107,222	83,342	121,251	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 is \$386m compared to a budget of \$349m. The movement of \$201m from last year also reduces grants revenue and expenses.

Statement of Changes in Equity

For the period ended 31 March 2022

	2022 9 months actual \$000	2022 9 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	(1,362)	(1,680)	(2,002)	(1,398)	(30,599)
Capital contribution	2,250	10,350	13,800	5,500	8,500
Repayment of grants interest – MoE	(157)	(25)	(33)	(250)	(36)
Balance at 31 March	118,130	107,222	83,342	121,251	117,399

Breakdown of Cash Balances

As at 31 March 2022

	2022 9 months actual \$000	2022 9 months SPE budget \$000	2022 Full year SPE budget \$000	2022 Full year forecast \$000	2021 Full year actual \$000
Operations cash	22,455	22,022	20,620	24,688	27,515
Grants cash	45,566	31,149	31,542	54,772	70,670
Pre-purchased English Language Tuition cash	15,357	15,704	12,770	12,072	15,698
Cash and cash equivalents at 31 March	83,378	68,875	64,932	91,532	113,883

Statement of Cash Flows

For the period ended 31 March 2022

	2022 9 months actual \$000	2022 9 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	3,005,742	3,106,529	4,035,143	3,832,506	3,615,098
Grant recoveries – prior year	137	1,500	2,000	2,000	3,650
Grants – Pre-purchased English Language Tuition	1,098	-	(2,934)	(3,840)	3,289
Operating – MoE	57,531	57,922	77,230	76,592	81,924
Operating – Pre-purchased English Language Tuition	110	107	149	46	328
Operating – other	7,923	1,147	1,248	6,730	3,178
	3,072,541	3,167,205	4,112,836	3,914,034	3,707,467
<i>Cash was applied to:</i>					
Grants payments	(3,035,441)	(3,106,129)	(4,034,743)	(3,850,196)	(3,608,868)
Payments to employees	(41,807)	(43,224)	(56,325)	(55,882)	(55,388)
Other operating payments	(18,229)	(16,312)	(22,126)	(24,245)	(25,931)
GST – net	164	649	526	3,143	3,069
	(3,095,313)	(3,165,016)	(4,112,668)	(3,927,180)	(3,687,118)
Net cash flows from operating activities	(22,772)	2,189	168	(13,146)	20,349
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash was provided from:</i>					
Interest – operating	175	135	180	179	336
Sale of property, plant and equipment	56	-	-	56	12
	231	135	180	235	348
<i>Cash was applied to:</i>					
Purchase of intangible assets	(10,034)	(13,893)	(18,524)	(13,428)	(5,401)
Purchase of property, plant and equipment	(180)	(2,457)	(3,276)	(1,453)	(1,311)
	(10,214)	(16,350)	(21,800)	(14,881)	(6,712)
Net cash flows from investing activities	(9,983)	(16,215)	(21,620)	(14,646)	(6,364)
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash was provided from:</i>					
Capital contribution - MoE	2,250	10,350	13,800	5,500	8,500
<i>Cash was applied to:</i>					
Repayment of grants funding – MoE	-	(40)	(7)	(59)	(1,257)
Net cash flows from financing activities	2,250	10,310	13,793	5,441	7,243
Net increase/(decrease) in cash and cash equivalents	(30,505)	(3,716)	(7,659)	(22,351)	21,228
Cash and cash equivalents at 1 July	113,883	72,591	72,591	113,883	92,655
Cash and cash equivalents at 31 March	83,378	68,875	64,932	91,532	113,883