



TE PŪRONGO MAHI MŌ TE HAUWHĀ TUATAHI O 2020/21

2020/21 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

We are working towards our strategic goal where success will look like: all learners have the opportunity to develop the skills and knowledge to succeed

This quarter we have included a SPOTLIGHT on our careers work (page 4). This covers: Direct Careers Services, Online Careers Planning Solution (Tiro Whetū), and Inspiring the Future.

We have also provided updates on:

- > Ōritetanga Learner Success Approach (page 5)
- > Tertiary Education Strategy (TES) (page 6)
- > Secondary Initial Teacher Education (page 6)
- > Fees Free (page 6)
- > Investment Round (page 7)
- > Pastoral Care (page 7)

TE WHAKAHONO KAIWHAKAAKO KI NGĀ KAIWHAKAWHIWI MAHI CONNECTING EDUCATORS & EMPLOYERS

We are working towards our strategic goal where success will look like: there are strong connections between education and employment through collaboration and sharing of knowledge among schools, TEOs and employers

This quarter we have included a SPOTLIGHT on our RoVE (pages 2-3) and careers work (page 4). This covers: stakeholder engagement, Te Pūkenga, our response to COVID-19, and the system blueprint; Direct Careers Services, Online Careers Planning Solution (Tiro Whetū), and Inspiring the Future.

We have also provided updates on:

- > Career opportunities in Food and Fibre (page 8)
- > Career opportunities in construction (page 8)

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

We are working towards our strategic goal where success will look like: TEOs are well managed, financially sustainable and provide quality education services

This quarter we have included a SPOTLIGHT on the RoVE programme (page 2). This covers: stakeholder engagement, Te Pūkenga, our response to COVID-19, the system blueprint, and updates on the progresses of the other key RoVE work programmes.

We have also provided updates on:

- > Monitoring TEOs (page 9)
- > TEC's operational readiness for RoVE (page 9)

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

We are working towards our strategic goal where success will look like: research-based institutions contribute to New Zealand's success through innovation, connections and collaboration and building a world-class, innovative workforce

This quarter we have provided updates on:

- > Performance Based Research Fund (PBRF) (page 10)
- > Centres of Research Excellence (CoREs) (page 10)
- > Centres of Asia-Pacific Excellence (CAPEs) (page 10)

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:

- > Using the findings from our 2019 Partner and Provider and 2019/20 employee experience (He waka eke noa) surveys, we have formed a programme of work called **Cultivating a Thriving TEC**, through which we will develop a connected and collaborative culture, with simple and effective tools and processes.
- > COVID-19 has changed the world, and in response to the COVID-19 pandemic, we commenced work to determine our most appropriate **strategic response** to supporting New Zealand's long term COVID-19 recovery. We have identified six interconnected **strategic priorities** necessary to support the recovery.

- > This quarter we have continued to embed good **privacy** practice by reinforcing the policy, processes and key privacy messaging with our people. We continue to assess new initiatives and tools using our Privacy Impact Assessment processes and have aligned this with our Security Risk Assessment processes.
- > We have been progressing our **Cyber Security** maturity over the last quarter, by selecting an Independent Cyber Security partner who will provide us with specialist cyber security advice and capability, commencing with the selection of a robust cyber security framework to supplement the government mandated Protective Security Requirements.

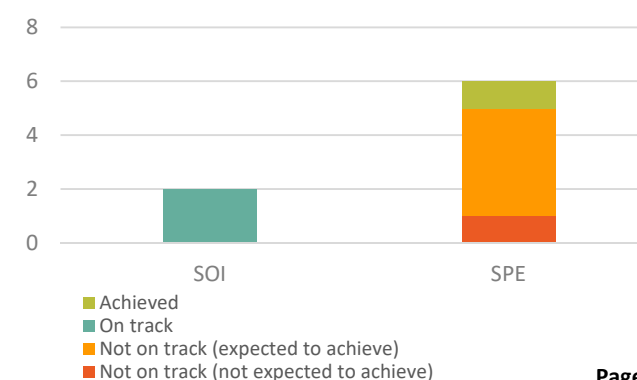
MAHINGA KORE AHUMONI NON-FINANCIAL PERFORMANCE

This quarter we only have new data for eight of our non-financial SOI and SPE 2019/20 measures. The graph opposite shows how these eight measures are tracking.

As at 31 September 2020 we were:

- > on track to meet two measures and had achieved one measure
- > not on track but expected to achieve target by the end of the year for four measures, and
- > Not on track and not expected 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 payments made to Tertiary Education Organisations.



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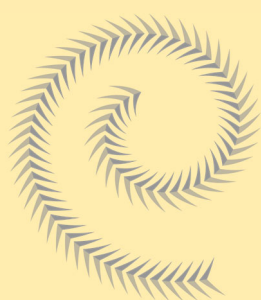
PRIORITISATION OF OUR WORK PROGRAMME AND ACTIVITIES

OUR PRIORITY WORK PROGRAMME AND DIRECTORATE BUSINESS PLANS

The review of our Priority Work Programme (PWP) and business as usual (BAU) activities on a quarterly basis is a core business process for the TEC. It helps to ensure we are delivering to our priorities, identifying and acting on new opportunities/requests/sector needs, making trade-offs where needed and adjusting our business plans and funding to reflect changing needs.

During the quarter we reviewed our PWP and BAU, and we made decisions on what could be stopped, slowed down or deferred to ensure our people are focused on priority areas. In particular this includes focussing on the implications and impact of RoVE on our processes, systems and ways of working; and building our teams' capacity to deliver.

Over the coming quarters the PWP and directorate business plans will be reviewed to adapt to any requirements from the new government.



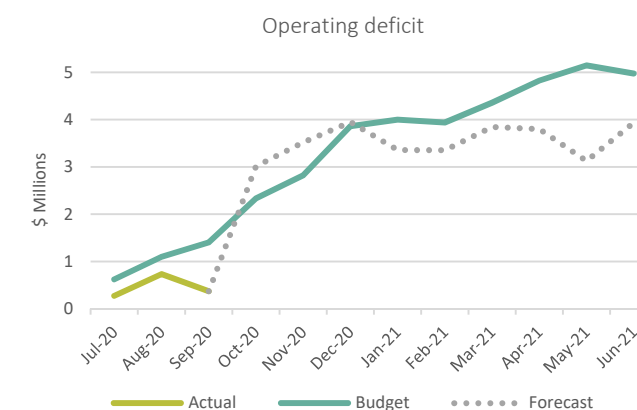
MAHINGA AHUMONI FINANCIAL PERFORMANCE

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

- > Grants baseline and spend this quarter are lower than prior years reflecting the accounting implications of guaranteeing provider funding for 2020.
- > In Budget 2020, we reduced the Industry Training Fund baseline in 2020/21 by \$17.5m. We now expect in-work training demand to be at least as high as previous years.

We are forecasting a full year operating deficit of \$3.3m to \$4.3m which is favourable to our \$5.0m deficit in our 2020/21 Statement of Performance Expectation (SPE)

- > We have made savings in the first quarter of \$1.0m.
- > We expect to be on budget for the remaining three quarters so that we end the year between \$0.7m to \$1.7m under our \$5.0m SPE budget deficit.



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Spotlight on the Reform of Vocational Education (RoVE)

The Reform of Vocational Education (RoVE) programme has adopted a three phase change approach to implement the structural changes of the reforms. We have successfully delivered Phase One: Design And Amalgamation (1 August 2019 – 30 June 2020). From 1 July 2020 the programme moved into Phase Two: Transition and Integration (1 July 2020 – 31 December 2022), which will see the operationalisation of the policy set in Phase One.

During Phase Two, new entities will be created and existing entities will transition to their future state. New and existing functions and systems will be integrated across and within organisations, and specifically the TEC, New Zealand Qualifications Authority (NZQA), Ministry of Business, Innovation and Employment (MBIE) and Te Pūkenga. Further detailed design work on two key enablers for the new system – the Unified Funding System (UFS) and the Te Pūkenga operating model – will continue.

Stakeholders remain engaged and overall, positive about the reform. A key focus for the programme during Phase Two will be maintaining this energy and engagement, particularly as planned implementation changes begin to take effect.

Significant milestones this quarter included:

- › all six Workforce Development Council interim Establishment Boards (WDC iEBs) are in place and developing content for respective Orders in Council (OiC)
- › initial transition plans have been received from all Transitional Industry Training Organisations (TITOs)
- › the Primary sector (Food and Fibre) and Construction sector Centres of Vocational Excellence (CoVEs) stood up
- › the first tranche of Local Insights Reports have been received from eight interim Regional Skills Leadership Groups (iRSLGs)
- › New Zealand Institute of Skills and Technology became Te Pūkenga The Chief Executive of Te Pūkenga took up his role with second tier appointments all starting their respective roles by early November
- › updated Programme Management Plan has been approved with the Budget being approved by the Programme Board in October, and
- › Project Initiation Documents (PIDs) for the majority of projects have been approved by the Programme Board. The final PID, NZQA's 'Redesigning qualifications and quality assurance for RoVE' will be considered at the October Programme Board.

Engagement

Effective stakeholder engagement and management is fundamental to successfully achieving the objectives of RoVE. Consultation and engagement approaches are evolving as the programme moves into the requirements of Phase Two. Three RoVE newsletters, reporting on programme progress and highlights were published during the quarter.

Project-specific engagement during the quarter is highlighted as part of the update.

Te Pūkenga

Te Pūkenga has been operational for six months and many significant steps towards creating a new organisation have been taken. The Chief Executive started on 6 July 2020, and the 16 subsidiary Chief Executives were able to meet face-to-face at the end of July. Six Deputy Chief Executives, each focused on a key aspect of Te Pūkenga's operating model were appointed. The Minister announced Te Pūkenga as the organisation's permanent name on 29 September 2020. RoVE engagement with Te Pūkenga about transition has increased with the commencement of its Chief Executive and DCE Transformation and Transition. We have been an active participant in the learner journey mapping work that Te Pūkenga is undertaking.

Te Pūkenga Crown-side

During this quarter the TEC continued to engage with Te Pūkenga's Chief Executive and Council Chair to progress establishment funding and monitoring arrangements. In September, the funding agreement between the Crown and Te Pūkenga was signed and initial payments made. Work on the Memorandum of Understanding between Te Pūkenga and the TEC has progressed, and it is anticipated that the MoU will be signed in October. The TEC also supported MoE's consultation with Te Pūkenga on risk assessment criteria, which should be gazetted in October. Development of a monitoring framework and arrangements for Te Pūkenga continued.

Impact of changing COVID-19 Alert Levels

We saw considerable progress across the RoVE programme even as the country has moved through Alert Levels during the quarter. Technological solutions and lessons learned from the April lockdown enabled the Programme to adapt to changing priorities. Some parts of RoVE have been requested to proceed more quickly than originally planned – specifically the establishment of Workforce Development Councils (WDCs) and Regional Skills Leadership Groups (RSLGs).

Transitional Industry Training Organisations (TITOs)

Transition planning has continued through the July to September period, with the project team pursuing a collaborative and transparent way of working with TITOs and Te Pūkenga to develop an agreed timeline that suits each individual TITO. Significant progress has been made on the TITO transition plan approval criteria in collaboration with the TITO Chief Executives. The intention is that the approval criteria will be approved by the TEC Board in November. We expect to receive final transition plans by the end of April 2021 and are targeting approving them over the course of the first half of 2021. This timeframe provides flexibility for those TITOs wishing to transition rapidly or more slowly.

The project team has also been collaborating with a sub-group of TITO Chief Executives to develop a consistently applied approach for enabling qualified Private Training Establishments (PTEs) and wānanga to be considered for taking on arranging training from TITOs where appropriate, and where industry and employer support exists for this to occur.

Support for TITO Chief Executives as they assess transition options and develop their transitions plans has continued. A number of workshops with have been conducted and one-on-one meetings held with the Chief Executives of all TITOs.

Workforce Development Councils (WDCs)

The project continued to maintain momentum this quarter despite timelines being extended in response to changes to the election date and COVID Alert Levels.

The six WDC iEBs are meeting regularly and cross iEB collaboration is underway via monthly meetings of the iEB chairs, which has included engagement with Te Taumata Aronui. A Māori sub-group has formed across all iEBs with a view to engaging with Iwi and Māori groups on a pan-iEB basis and incorporating Te Tiriti into the OiC proposals.

The project team continues to progress the WDC Design Process with stakeholders, to develop the high level functional design for WDCs. This includes options for how to achieve efficiencies through shared services in the design of WDCs. A series of 'Bringing it Together' workshops are scheduled for October.

The programme has been supporting iEBs as they engage with their sectors on the draft content of their Order in Councils (OiCs). Largely positive feedback was received via an online stakeholder survey on the draft OiCs. A key focus of the team has been providing additional support and guidance to ensure there is a coherent and meaningful approach to engagement with Māori on OiC development. Preparation for the OiC statutory consultation is nearing completion.

Unified Funding System (UFS)

The UFS project team continues to engage with a wide range of stakeholders to inform the detailed policy and high level operational policy design of the UFS. The project is focusing on three new funding components: the Funding Category Component, the Learner Component and the Strategic Component.

Initial work has begun developing advice to the Minister on potential contingency proposals for Budget 2021, to support the transition to the UFS from 1 January 2023.

The approach for the next phase of UFS stakeholder engagement has been finalised. UFS Design workshops with stakeholders such as TITO representatives, Te Pūkenga subsidiary Chief Executives, and Private Training Enterprise peak bodies have been held and were well received.

Centres of Vocational Excellence (CoVEs)

Following the Request for Proposal process, recommendations for both the Construction and Primary sector CoVEs were presented to the TEC Board in July. Funding negotiations were completed and signed by the two successful consortia in early August. On 3 September the Minister formally announced the two consortia confirmed to establish the Primary and Construction sector CoVEs. Each of the CoVEs will be hosted at a campus of Te Pūkenga. The Food and Fibre CoVE will be hosted by the Eastern Institute of Technology, and the Construction CoVE (ConCoVE) will be hosted at the Manukau Institute of Technology. The project is now preparing to move into a TEC business as usual construct.

Te Taumata Aronui

The RoVE programme continues to work with Te Taumata Aronui to ensure the design and implementation of the reforms meets the needs of Māori learners, communities and employers, and imbeds success for Māori into the new system.

The Director and project leads have met regularly with Te Taumata Aronui throughout this period, and the WDC, RSLG and UFS project teams have met with Te Taumata Aronui sub-groups. On 21 August, the WDC iEB Chairs met with Te Taumata Aronui, initiating a process of ongoing engagement between the two groups.

Regional Skills Leadership Groups (RSLG)

In response to the economic impact of COVID-19, the decision was made to fast track the establishment of 15 interim RSLGs, with a mandate to gather local intelligence that supports the COVID-19 recovery. Ten iRSLGs had been established by the end of June. A further four were established during the July to September period. Engagement to agree the final iRSLG is ongoing. Regular meetings of each iRSLG are underway and the first tranche of Local Insights Reports (LIRs) have been received. LIRs are intended to provide timely, qualitative, on-the-ground regional labour market information, which is not currently collected systematically by central government. Cross iRSLG collaboration is taking place via online and in person meetings.

Inaugural meetings for 13 of the iRSLGs were held and regular meetings are underway. In September the iRSLG Chairs and co-chairs met online to discuss shared objectives, best practice and collaboration moving forward.

Re-designing vocational qualifications and quality assurance for RoVE

During this period NZQA has continued to engage with key stakeholders on the simplification of qualifications including: industry, students, the sector, the New Zealand Qualifications Framework Advisory Group, and the WDC Design and Reference groups. In September meetings were held with Māori stakeholders, including learners and educators, from across the sector. Engagement will continue through to the end of October, as thinking is refined before options for a proposal are developed.

Outcomes framework and mapping

The RoVE Outcomes Framework has been approved by the Programme Board. The outcomes have been mapped vertically to each of the projects and across the Programme. This means that projects can now track deliverables and drive the required outcomes as their projects progress.

We plan to review the mapping on a bi-monthly basis, and report every quarter on activities and progress towards the achievement of the outcomes.

RoVE system blueprint

A draft RoVE Blueprint is being progressed and has been subject to extensive consultation with RoVE projects and the TEC. A range of stakeholders, including Transitional Industry Training Organisations (ITOs), interim WDC Establishment Boards (iEBs), the Ministry of Business Innovation and Employment (MBIE), and education agencies took the opportunity in late September to view a 'design room' showcasing development of the Blueprint.

The Blueprint provides operational guidance at a system-wide level, describing how all entities interact and operate across a range of functions. A technical review has been completed by policy and operational subject matter experts, the system has been 'tested' against the RoVE programme outcomes and against learners, including Māori) needs and employers (including Māori employers) needs. Scoping is underway for a piece of work which will 'test' the system against the RoVE programme outcomes and needs of Māori as a treaty partner through a Te Tiriti lens.

Independent Quality Assurance

An Independent Quality Assurance (IQA) review of the programme was completed during the quarter. The IQA report will be considered for acceptance in October and work to develop responses to the review recommendations will begin.

Spotlight on Careers

The Careers System Strategy has a focus on lifelong learning from 7-70+. There are three key initiatives underway to help meet the careers needs for all New Zealanders at their different life stages, all have had significant progress during the quarter.

The first key initiative is **Inspiring the Future (ITF)**, designed for Primary and Intermediate aged children from ages 7-13 years. This initiative works towards our legislative requirement to strengthen connections between schools, employers and TEOs. During the quarter we completed school trials that were postponed due to COVID-19. We also launched a dedicated website (inspiringthefuture.org.nz) and began a marketing campaign to attract role models. Other highlights from the quarter include:

- › The marketing campaign video has had over 500,000 views
- › Role model sign-up is approximately 300
- › We have designed and are currently testing a new online event to mitigate against future COVID-19 restrictions
- › In-school events have been tested in five locations across Auckland, Gisborne and Dunedin. All have met with strong, positive feedback
- › The platform for schools to sign-up is due for release in November 2020
- › We will continue to attract role models to the platform and trial events with schools, and
- › Launch to schools is planned for Term 1 2021.

A more fulsome update on this piece of work is provided to the right.

The second initiative is the **online career planning solution (Tiro Whetū)**, which will be a digital platform (replacing careers.govt.nz) to support all New Zealanders from secondary school through to retirement and beyond. During the quarter we completed our procurement and appointed a vendor to take our working prototype into development. A more fulsome update on this piece of work is provided to the right.

The third and new initiative is **Direct Careers Services**, including over the phone careers guidance and regional pop-up sites. Our COVID-19 work identified a service gap, particularly for the large volumes of displaced workers needing quality careers advice and guidance. Our request for the expanded mandate to provide direct careers services and associated funding was approved by Cabinet in August 2020. These two services were stood up within two months - on 19 October 2020.

- › We have partnered with the Career Development Association of New Zealand (CDANZ) to provide direct careers guidance.
- › The 0800 number for people to call and schedule a personalised careers guidance session is advertised on social media, radio, local newspapers.
- › MSD offices and work brokers are a key referral source to the 0800 number.
- › We have partnered with MSD and Department of Internal Affairs to locate regional pop-ups. The pop-ups will be rolled out in three phases. Phase 1 runs from 19 October to 24 December. Phase 2 runs from 2 November to 24 December. Phase 3 runs from mid-January until the end of March 2021.
- › A full measurement and evaluation plan is in place to report on the success of the phone service and the pop-ups, with the first progress report in December and the final report evaluating the services in April 2021.

Our role as the lead government agency for careers was thoroughly explored during the response to COVID-19. Many Government agencies were considering new career focused initiatives to help those negatively impacted. The Aide Memoire B-20-00254 reviewed our existing career services, along with recommendations on how we could enhance them. This paper was then shared widely for consultation with MSD, MoE, NZQA, MBIE, Te Puni Kōkiri, the Office for Seniors and DIA.

The feedback confirmed areas where we could work together with other agencies and ensure that our different services were complimentary to each other. This review also confirmed the need for free personalised career advice, reinforced by Employer and Manufacturers Association and Business NZ, and endorsed by the Education, Employers and Training Ministers Group (EET).

BAU

Our core business is to maintain a database of information about occupations, tertiary education and training. This is currently delivered through careers.govt.nz. Over the last quarter we have continued to develop the COVID-19 hub and support the distribution of the Job Hunters Workbook.

- › The workbook has had over 35,000 printed copies distributed through MSD sites, public libraries and Community Advice Bureaus.
- › The workbook has been translated into ten languages.
- › The electronic version of the workbook has had 1,500 downloads.
- › The new Direct Careers Services will use the workbook as an essential reference tool and resource for people seeking help with a career plan.

Inspiring the Future

As part of the Careers System Strategy, we're leading a programme of work for school children: Inspiring the Future and Drawing the Future.

Inspiring the Future (ITF) connects school students aged 7 to 13 with volunteer role models from the world of work in a fun and inspiring event. Research shows that when students meet workers and hear about their jobs and the pathway they took to get there it inspires them to consider new possibilities for their future. ITF began in the United Kingdom with Education and Employers and now operates in seven countries.

We worked with teachers' unions and industry and community groups to ensure ITF is suitable for New Zealand schools and will benefit both teachers and students.

The ITF programme seeks to broaden horizons and tackle unconscious career biases by introducing role models from the world of work to young people in schools. This is an opportunity to raise aspirations, support children's growing understanding of personal identity and help bring learning to life. ITF is shaped by the Drawing the Future research we undertook last year to provide deeper understanding of young people's aspirations and the factors that influence these.

Six schools in three regions, Auckland, Dunedin and Gisborne, agreed to participate in trials of the ITF programme, two were completed in March 2020 before schools were closed for the COVID-19 response. Of the remaining four schools, three trials took place in September with another one still to be scheduled.

While interactions with schools and businesses were on hold during April and May 2020, we progressed development of the online platform during the quarter. Role models are able to register to volunteer for an ITF event, and trial schools can access the resources required to host an ITF event.

A new website, www.inspiringthefuture.org.nz, has been developed and will have continuous improvements over the coming months until it launches to schools in the three regions in November 2020.

A marketing campaign delivered mainly through social media channels was launched in August 2020, allowing three months to attract 850 role models in Auckland, Gisborne and Dunedin before the controlled regional launch to schools in November 2020. The national launch to schools is planned for May 2021.

Tiro Whetū

During the quarter we completed a tender process to select a vendor to work with over the next two years to deliver the Online Careers Planning solution (Tiro Whetū).

An open tender resulted in 27 submissions for evaluation. The final preferred candidate was a consortium of three, with a lead vendor:

- › Springload – the lead and a digital agency who will drive the solution co-design with users and technical build.
- › IDIA – Indigenous Design and Innovation Aotearoa, a centre of excellence for Māori and indigenous design.
- › Nicholson Consulting – a data science consultancy.

Contract negotiations were successfully completed towards the end of the quarter with a Whakawhanaungatanga marking the official project initiation.

Two project work streams have been established. The first is a COVID-19 response to help displaced New Zealand workers understand the transferability of their skills to a range of other jobs. The other is looking at future opportunities and developing a roadmap based on user research and testing.

For the skills transferability tool a working prototype has been built and some initial user testing completed. Whilst further work is required the results of this has given the team good insight into how different groups interact and highlighted some key usability aspects.

The O*NET database of jobs has been selected as the basis of the underlying dataset for the project and analysis completed of its fit in a New Zealand context. As part of this a task of localisation of content has commenced and is 30% completed.

Along with the working prototype initial wireframes and visual designs have been produced with a focus on ensuring suitability for a wide range of users. This has to account for the solution meeting the needs of all New Zealanders aged 12 to 70.

Whilst the solution has the working title of Tiro Whetū this is not the public facing name. A long list of candidate names have been consolidated to six potentials that are now undergoing user testing through an external research company. The result of the testing will be known in mid-November.

We are working closely with other government agencies to ensure Tiro Whetū is effectively linked to other systems and initiatives. In particular we are working with: MSD to complement MyMSD functionality; MoE and NZQA to ensure a rich shared data model to enable better planning and pathways; MoE to ensure that Careers Advisors in schools are well supported; sharing insights on skills work with MBIE and MSD with a view to a shared skills to jobs taxonomy; and an offline version for Corrections and Youth Justice.

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

We are working towards our strategic goal of **SUPPORTING ALL LEARNERS TO SUCCEED**. Over the next four years, success will look like: all learners have the opportunity to develop the skills & knowledge to succeed. Over the quarter we have focused on the following:

Learner Success

We are working to create a tertiary education system that works for all learners, including many Māori, Pacific and disabled learners. We know that our current system does not deliver equity for learners and that this has substantial economic, social and cultural costs for whānau, communities and New Zealand, now and increasingly in the future.

The achievement of equity will take time, but we continue to lay the necessary foundations to ensure lasting, systemic change. Over the last quarter we have: completed work with our pilot tertiary education organisations (TEOs) and drafted a project plan for the next stage of our learner success approach work; enhanced the development of resources to support learners; worked to ensure learners are at the centre of the Reform of Vocational Education (RoVE); and embedded learner success in our Investment Plan process.

Increasing TEO capability

Two pilots are now complete – the University of Waikato and Waikato Institute of Technology (Wintec). Wintec’s learner journey mapping process is being used to inform the design of Te Pūkenga. The University of Waikato’s data analysis tool won an international award. The other two pilots, Te Wānanga o Raukawa and Manukau Institute of Technology (MIT), were delayed due to COVID-19 and are now scheduled to be completed early next year.

Early findings from our evaluation have proven the necessity of leadership commitment to learner success; there is a strong direct correlation between leadership buy-in and project success. We are using these findings to develop and formalise our sector-wide approach to learner success. Elements of the project are already underway including a learner success project with Universities New Zealand and the design of Te Pūkenga (more below). While there have been delays to the pilots as a result of COVID-19, we do not anticipate this will impact the outcomes of the remaining pilot.

Developing resources to better support learners

Key to increasing sector capability is the development of resources to better support learners. This approach informed our short-term COVID-19 response. We hosted an online webinar series to support TEOs shifting to online delivery. The series covered:

- › tertiary teaching online: pedagogy and practice
- › how to support and engage tertiary learners in an online environment (with a focus on pastoral care)
- › supporting disabled tertiary learners in an online environment.

Resource development also plays a key role in the implementation of our learners with disability work programme. In the last quarter we established the Governance Group for the refresh of *Kia Ōrite - the NZ Code of Practice for an Inclusive Tertiary Education Environment for Students with Impairments*, which we are developing in conjunction with the tertiary sector and disability organisations. We have also established a TEC Dyslexia Advisory Group and Neurodiversity Work Programme that will support us to develop best practice resources designed by and for these learner groups.

Building equity into RoVE

Te Pūkenga began planning for its Ākonga at the Centre research programme. The work will commence in earnest in late-September and include visits to all 16 subsidiaries and some transitional ITOs over nine weeks. We will accompany Te Pūkenga staff on these visits and support the learner journey mapping process.

We also worked closely with the interim Establishment Boards (iEBs) for Workforce Development Council (WDCs) to understand learner needs and their roles in supporting a system with learners at the centre. Lastly, we hosted RoVE engagement workshops with key stakeholders from the disabled and Pacific communities. The findings of the workshops will inform how we work with the communities to ensure the RoVE system is designed in the best way possible to achieve the changes needed.

Embedding learner success in our Investment Plan process

For the 2021 Investment Plan round, we required all TEOs funded over \$5m to submit a learner success plan (LSP). LSPs have been useful in providing a much rounder picture of TEO performance and used to inform our funding decisions. The LSPs also provide a baseline for our ongoing monitoring and engagement with TEOs, and once collated will be used to share best practice across the sector.

Tertiary Education Strategy (TES)

Earlier this year the Statement of National Education and Learning Priorities (NELP) and the TES development work was put on hold, while efforts were redirected to respond to the impacts of COVID-19. Work on the NELP/TES recommenced in late-June 2020, and in August 2020 Cabinet approved the NELP/TES. However publication was delayed until after the October General Election following the COVID-19 recurrence in Auckland.

The NELP/TES was developed through extensive consultation with educators, and the learners, communities and employers they serve. This is reflected in its strengthened emphasis on creating education environments that are learner-centred, and where more of our learners, and especially our most disadvantaged learners, can succeed. For example, it encourages all places of learning to focus on:

- › ensuring that they are safe and inclusive and free from racism, discrimination, and bullying
- › strengthening the quality of teaching that our learners receive to give our learners the skills they need to succeed in education, work, and life
- › collaborating more with whānau, employers, industry, and communities
- › taking account of learners' needs, identities, languages, and cultures in their practice, and
- › incorporating te reo Māori and tikanga Māori into everyday activities.

Since it was approved by Cabinet in August and announced in November, we are now preparing to implement the new TES. This preliminary work includes preparing Plan Guidance to give effect to the new TES through the next Plan round (for funding from 2022), and mapping the TEC's work programme to the actions for government agencies to identify areas where new work may be required. Once the TES is published we will establish a cross-agency working group with the MoE and NZQA to coordinate our implementation activities.

Secondary Initial Teacher Education (ITE)

The number of students commencing a secondary ITE is increasing. This will result in approximately 1,150 additional secondary teachers joining the workforce by 2025. To achieve this, the MoE asked us to seek commitments from tertiary providers for secondary ITE enrolments of 1,500 equivalent full time students (EFTS) in 2020, 1,620 EFTS in 2021 and 1,725 EFTS in 2022. This includes a focus on increasing Māori, Pacific and Asian teacher graduates, as well as teacher graduates with a specialisation in science, technology, engineering and mathematics (STEM), te reo and the Māori medium.

In 2019, we worked with the sector and agreed an overall commitment level of 1,560 EFTS in secondary ITE for 2020. This is 60 EFTS above the target set for 2020.

The August single data return (SDR) has provided useful indicative information on how the sector is tracking towards the enrolments targets, and shows 2020 enrolments of 1,351 EFTS which is 149 EFTS below the target. Final 2020 enrolments will be confirmed in the December SDR.

COVID-19 impacts have made it difficult for the sector to achieve secondary ITE enrolments to a level where they can meet their 2020 enrolment commitments. However if unemployment increases, this might provide an opportunity beyond 2020 for secondary ITE enrolments to significantly increase. The EFTS targets originally set will remain for the time being and we will continue to engage with secondary ITE providers to meet these targets, using both our investment and careers system levers.

We worked with the sector during the quarter to increase commitments for 2021 Secondary ITE provision in line with the 1,620 EFTS target set by MoE. The final approval of these commitments will be confirmed by our Board at their December meeting.

Fees Free

During this quarter the last of the 2019 wash-ups were finalised.

Following the outbreak of COVID-19, we have implemented a change to ensure that eligible learners whose study or training was adversely effected do not use their Fees Free entitlement.

We are currently updating the eligibility system for 2021. These updates, along with the communications and marketing campaign are due to go live in November.

An automated validation and entitlement system to reduce the manual processing effort has been designed and almost completed. This was due to be completed by July, but has been pushed out to December, primarily due to COVID-19.

Investment Round

In response to the COVID-19 pandemic, we issued Supplementary Plan Guidance in June that reflected the changes ahead for the tertiary education sector in light of the Budget 2020, the Government's response to COVID-19, and the Reform of Vocational Education (RoVE). Timetables for agreeing 2021 funding allocations were significantly revised, and the workload for TEOs was reduced. TEOs that are expected to be the most affected by the COVID-19 pandemic were invited to provide a *COVID-19 Response Plan* to explain the likely effects on their operations, and the plans to manage the situation.

During the quarter we started to assess the TEO Investment Plans for 2021. As in previous years, we aim to direct funding to qualifications that have good Education Performance Indicators (EPIs) and post-study outcomes. When assessing and recommending funding allocations we consider provider capability and financial viability. Performance is assessed by EPIs such as course completion rates by ethnicity, and the overall quality of TEOs Investment Plans and Learner Success Plans. This year, additional priority is being given to the priority areas that will support New Zealand's economic recovery, for example, construction, food and beverage, and aged care.

A NZIST operating funding agreement was established, and 16 Institutes of Training and Polytechnics are now operating under the new entity Te Pūkenga.

Additional funding requests for the 2020 year were prioritised towards priority areas where there was strong evidence of learner demand, good post study outcomes, and we had a high level of confidence in the provider's capability to deliver. In total, \$3.4m of additional funding was allocated during the quarter.

Funding and learning issues are regularly discussed with the sector through multiple channels, including direct communications and visits. This year, there was even greater emphasis on frequent meetings with sector peak bodies, including the wānanga peak group - Te Tauihu o ngā Wānanga. These opportunities to share information and learnings from each other have been based on key themes, such as funding and COVID-19 impacts and responses.

Pastoral Care

COVID-19 required additional focus on pastoral care around students in accommodation during lockdown and different approaches to student accommodation charges. The TEC collected information to inform and support other agencies.

We continue to maintain close links with the MoE and NZQA teams working on the interim code and its development or refinement, including the ongoing response to COVID-19.

We are working towards our strategic goal of **CONNECTING EDUCATORS AND EMPLOYERS**. Over the next four years, success will look like: there are strong connections between education and employment through collaboration and sharing of knowledge among schools, TEOs and employers.

Over the quarter we have focused on the following:

Career opportunities in Food and Fibre

The food and fibre industries have a critical role in helping New Zealand manage through the COVID-19 disruption and the subsequent recession. We took action to help learners, workers and industry to respond to COVID-19's impacts on employment and economic output. New training initiatives were launched, such as the Targeted Training and Apprenticeships Fund (TTAF). This supports Fees Free trade training across many sectors, including the food and fibre industries.

Reform of Vocational Education (RoVE) implementation includes the development of the Primary Industries WDC, and helping the current Primary industries ITO to manage change. The WDC/TITO COVID-19 Response Projects Fund has supported Primary ITO projects in technology-enabled learning, and in pathways into the primary industries.

We continue to work with industry and providers to encourage the development of micro-credentials needed to upskill the food and fibre industries workforce. We have supported micro-credentials in fields such as dairy farming, livestock health, biosecurity, wool handling and forestry operations.

Learner information and career services have been enhanced, and we worked with MSD and GrowingNZ to connect all COVID-19 response information to better serve learners. This provided practical information about finding a new job or changing careers.

During the quarter we worked with the MPI to connect our Food and Fibre Hub to the new website Opportunity Grows Here. It aims to pull together existing activities across industry, attract talent, and raise awareness of new career opportunities available in rural New Zealand.

A marketing campaign was launched, to connect job seekers to the new Vocational Education and Training Hub. This Hub has a strong focus on food and fibre opportunities.

In September, approval was announced for a Food and Fibre Centre of Vocational Excellence (CoVE) to be headquartered at the Eastern Institute of Technology. The CoVE brings together 54 organisations from the education, training and industry sectors to lead excellence in vocational education and training for learners and industry.

We provided advice and information to Te Uru Rākau (Forestry New Zealand) on TTAF and the Apprenticeship Boost Initiative for its roadshows in November. This information will help employers understand what support is available.

Career opportunities in construction

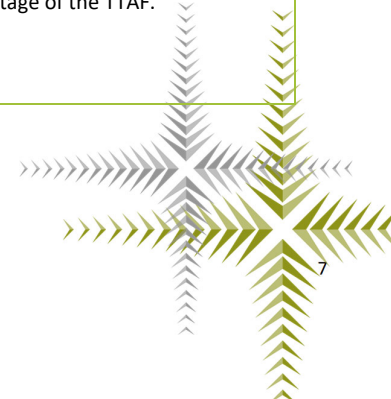
During the quarter we launched the Apprenticeship Boost Initiative in collaboration with MSD. The initiative is part of the Apprenticeship Support Programme to protect the jobs of existing and new apprentices through the COVID-19 recovery. Employers will receive \$1,000 per month per eligible apprentice in their first year of training, and \$500 per month per apprentice in their second year of training. Apprentices need to be actively training and have completed less than 24 months of their apprenticeship programme.

In September, it was announced that the Construction Centre of Vocational Excellence (ConCoVE) would be headquartered at the Manukau Institute of Technology. The CoVE brings together 42 organisations from the education, training, and industry sectors to lead excellence in vocational education and training for learners and industry.

We are heavily engaged in implementing the Reforms of Vocational Education (RoVE). In response to COVID-19, some RoVE implementation has been fast-tracked. For example, the establishment of Workforce Development Councils (WDCs) now has a target establishment date of the end of 2020. This includes the Construction and Infrastructure WDC. A budget of \$10m through the COVID-19 Budget was secured to ensure the Group Training Scheme was financially viable. We will continue to engage with them on the implications of RoVE, and their role once transitional ITOs are wound down.

We continue to offer advice and support to MSD's Skills for Industry work, in scoping micro-credential opportunities with industry, with a focus on prefabricated building.

A digital marketing campaign to promote construction careers and career pathways in the construction sector was launched on our www.careers.govt.nz. This was linked to the Vocational Education and Training (VET) Hub, which has a strong focus on construction and encourages apprentices to take advantage of the TTAF.



We are working towards our strategic goal of **BUILDING PROVIDER CAPABILITY AND MONITORING PERFORMANCE**. Over the next four years, success will look like: TEOs are well managed, financially sustainable and provide quality education services.

Over the quarter we have focused on the following:

Monitoring TEOs

Our monitoring role provides assurance that government funding is being used by TEOs in accordance with funding rules to support learner success, as well as providing oversight of risks at both TEO and system level. Intelligence from our monitoring activities informs guidance to the sector to strengthen TEO capability, as well as identifying opportunities to improve funding settings to further support TEC's vision and purpose. We also advise the MoE and ministers on tertiary institutions' governance and exercise of certain powers, due to the Crown's ownership interest. This will continue to be a key focus given the impacts of COVID-19 and the Reform of Vocational Education (RoVE).

Over the quarter we focused on the following:

- › We continue to work closely with the RoVE programme, in particular to support the establishment of Te Pūkenga. In this quarter we finalised the funding agreement between the Crown and Te Pūkenga, which was signed in September and the first payments made in September and October. We have further developed the memorandum of understanding between Te Pūkenga and the TEC, and supported the MoE's drafting and consultation on Risk Assessment Criteria. We are also working closely with the WDC project team, in particular on the development of orders in council, and future monitoring arrangements for WDCs once established.
- › We supported the implementation of a number of COVID-19 response funds, and are developing appropriate and commensurate monitoring activities targeted at these funds. Intelligence from our various BAU monitoring activities has also been key in supporting assessments of applications for the PTE Targeted Assistance Fund and the WDC/TITO COVID-19 Response Projects Fund.
- › We continue to monitor all Tertiary Education Institutions (TEIs) assessed as extreme or high risk closely. On 1 April 2020, all interventions in the ITP sector (eg. Commissioners, Crown Managers) came to an end as the ITPs became subsidiaries of Te Pūkenga. However, we continue to monitor these high-risk subsidiaries particularly closely as part of our wider monitoring of Te Pūkenga.
- › We are continuing to closely monitor the impact of COVID-19 on all providers. During the quarter we worked with universities and provided advice to the Secretary for Education on four requests to amend borrowing consents in response to COVID-19. We also provided advice on two requests to grant easements, one request to grant a lease and one request to dispose of assets this quarter.
- › Our monitoring of Fees Free has so far resulted in charges being laid against three individuals for making false representations of their eligibility for Fees Free tertiary education. In this quarter, one individual who had pleaded guilty was discharged without conviction and ordered to pay \$1000 in costs to the TEC. One case remains before the courts. Our monitoring of Fees Free is also informing the ongoing improvement of the TEC processes and operational policy.
- › As at September 2020, we have five investigations of TEOs underway, a number of which are close to being finalised. We have recently published an investigation report on Crown Institute of Studies Ltd which resulted in a funding recovery of \$200,331.16 due to the under-delivery of approved learning hours. Audits of TEOs have also resumed since the return to Level 1, although we continue to offer additional flexibility to TEOs as they continue to respond to the challenges of COVID-19.
- › As part of our education of the sector, we released our latest monitoring update in August. The update provided information around the resumption of our audit and investigative work, guidance on compulsory student services fees, and information on reporting requirements for the Technology Access Fund for Learners (TAFL) and Hardship Fund for Learners (HAFL).
- › We initiated an intelligence-led system review of repeated qualifications and recognition of prior learning. This work has arisen from issues identified during a recent investigation, where a TEO was claiming funding for a significant number of learners who were enrolled in qualifications they had previously achieved.

The TEC's operational readiness for RoVE

The RoVE Change team is drafting a Project Initiation Document and a Change Management Plan to lead the TEC through RoVE change and transition through the period to 30 June 2021. The change planning will be reviewed early into 2021 with a view to extending TEC support out to December 2022, once more information is known. Four change working groups (WG) within TEC have been established to progress this work.

The initial TEC work will focus on supporting the stand-up of new entities in the RoVE system, such as WDCs and Te Pūkenga, with funding, monitoring, compliance and connectivity, in order to prepare for the delivery of the Unified Funding System and the change to Te Pūkenga's operating model. All proposed TEC work has been mapped to align with RoVE outcomes.

A full update on the Reform of Vocational Education (RoVE) is provided on page 2

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

We are working towards our strategic goal of INCREASING RESEARCH QUALITY AND CAPABILITY. Over the next four years, success will look like: research-based institutions contribute to New Zealand's success through innovation, connections and collaboration and building a world-class, innovative workforce

Over the quarter we have focused on the following:

Performance Based Research Fund (PBRF)

The Performance Based Research Fund (PBRF) is our second-largest fund, at \$315m a year. It supports research capability in TEOs. The PBRF has three components: Quality Evaluation at 55% of the Fund, Research Degree Completions at 25% and External Research Income at 20%.

During the quarter we completed the wash-up of 2019 PBRF funding to match actual reported activity, and funding was adjusted on 1 October 2020. No provider had greater than a 1% difference between their indicative and final 2019 funding.

The indicative PBRF allocation for 2021 has been calculated and we will inform providers in December 2020.

The MoE's review of the PBRF continued. On 31 August the MoE commenced a targeted consultation on the proposed changes and options to strengthen the PBRF, which is due to finish on 6 November. We have attended meetings with both the Tertiary Education Union and the Universities New Zealand Research Committee to understand their initial positions on the proposed changes. We have also analysed the Fund's External Research Income component to support the MoE and the Minister to determine if the component should be discontinued as recommended by the Review Panel.

During the quarter, the Minister deferred the end of the next multi-year Quality Evaluation until 2025. The deferral responds to the disruption of COVID-19 to research and researchers. It also allows us time to engage with the sector on the implementation of any changes.

Planning has also continued to set up the Sector Reference Group which will support the implementation of any changes to the Fund.

Centres of Asia-Pacific Excellence (CAPEs)

The three Centres of Asia-Pacific Excellence (CAPEs), focusing on North Asia, South-East Asia, and Latin America, aim to build awareness and understanding, to improve international relationships, and to develop New Zealanders' skills in language, culture and business.

A diverse array of programmes is under way, many of which involve travel. As a result of COVID-19, the CAPEs have revised their plans, with significantly more use of the Internet.

In response to a key recommendation of the external review that we commissioned earlier this year, the CAPEs are developing a new joint Strategic Plan. We are working with the CAPEs as they develop the Plan and respond to the review's other recommendations that will improve their performance for the second half of their six-year funding term.

Centres of Research Excellence (CoREs)

The Royal Society Te Apārangi ran the 2019/20 Centres of Research Excellence (CoREs) selection round on our behalf. Thirty one full applications were received, with 15 being shortlisted for further consideration. We had been expecting recommendations from the Royal Society Te Apārangi in June, but the process was delayed by COVID-19.

The recommendations of the Royal Society Te Apārangi for the funding of ten CoREs from 1 July 2021 to 31 December 2028 were approved by our Board of Commissioners and announced in October 2020.

Eight existing CoREs and two new CoREs were approved for funding. Four are hosted by the University of Auckland, two by the University of Otago, and one each by Lincoln University, Massey University, the University of Canterbury and Victoria University of Wellington.

The funded CoREs are:

- › **Bio-Protection Aotearoa** (existing; hosted by Lincoln University)
- › **Coastal People: Southern Skies** (new; hosted by University of Otago)
- › **Dodd-Walls Centre for Photonic and Quantum Technologies** (existing; hosted by University of Otago)
- › **Healthy Hearts for Aotearoa New Zealand – Manaaki Mānawa** (new; hosted by University of Auckland)
- › **Ngā Pae o te Māramatanga; New Zealand's Māori Centre of Research Excellence** (existing; hosted by University of Auckland)
- › **Riddet Institute** (existing; hosted by Massey University)
- › **Te Hiranga Rū QuakeCoRE: Aotearoa New Zealand Centre for Earthquake Resilience** (existing; hosted by University of Canterbury)
- › **Te Pūnaha Matatini – Aotearoa New Zealand Centre of Research Excellence for Complex Systems** (existing; hosted by University of Auckland)
- › **The MacDiarmid Institute for Advanced Materials and Nanotechnology** (existing; hosted by Victoria University of Wellington)
- › **The Maurice Wilkins Centre** (existing; hosted by University of Auckland).

Two existing centres will no longer be funded as CoREs:

- › **The Medical Technologies Centre of Research Excellence** (hosted by the University of Auckland)
- › **Brain Research New Zealand – Rangahau Roro Aotearoa** (hosted by the University of Otago).

The new centres will conduct in-depth research into areas such as health and nutrition, earthquake resilience, physical sciences, indigenous scholarship, and bio-protection. Each CoRE will receive between \$4m and \$6.4m annually for 7.5 years.

We published the CoREs Performance Management Framework for the 2021-2028 cycle.

We received and assessed updated Plans from the current CoREs for the six-month extension (Jan-June 2021) that was in response to the effect of COVID-19.

Our enablers - Tāngata **PEOPLE**, Mōhiotanga **KNOWLEDGE**, Mahi Ngātahi **PARTNERSHIP** support the delivery of our strategic intentions

Over the quarter we have focused on the following:

Cultivating a Thriving TEC

We are committed to growing our cultural capability

Work has begun on a plan that brings together all the strands of our cultural capability development, and focuses us on key areas while embedding existing activity. A pilot workshop on the Treaty of Waitangi has been held with a large project team. The design of this workshop will be refined and run across the TEC to ensure all staff understand the Treaty, and we can apply the legal and Crown obligations in our work.

Developing a connected and collaborative culture

Using the findings from our 2019 Partner and Provider and 2019/20 employee experience (He waka eke noa) surveys, we have formed a programme of work to develop a connected and collaborative culture, with simple and effective tools and processes that grows and empowers passionate, skilled people who deliver great service for all New Zealanders.

The work programme has four work streams:

Leadership alignment, connection and development - We are refocusing our leadership meetings for the second quarter of the year to make sure they address priorities. We are also reviewing the approach in light of the experience of how they have gone this year, and to set the focus for 2021. Senior managers have all been offered individual coaching to give them the opportunity for targeted growth and development.

We have also contracted the Institute for Courageous Conversations about Race to run a series of training sessions with the Board and our senior leadership teams to develop our understanding of racial equity. The two-day workshop examines how organisations can contribute to a more equitable and inclusive Aotearoa New Zealand under Te Tiriti o Waitangi. It will be a starting point for us to build this understanding into our wider capability development.

Values and behaviours - New TEC values and behaviours were launched at the end of September. They have been created with involvement from all staff. The reception from staff has been very positive, and we have a programme to embed them into our organisation through our day-to-day discussions and actions.

Reviewing our performance development system and approach - Our new performance development approach, *Coaching Kōrero*, was launched with managers and staff in August. The launch included guidance material, and in-person support has been given to managers. Coaching Kōrero focuses on quality goal setting and coaching, with flexibility to support different types of work and ways of working. There is a working group underway with the Public Service Association (PSA) to review the performance rating scale and remuneration system. The outcome should be confirmed in the second quarter.

We are also working with the PSA to review our remuneration system. A draft system has been designed and will be progressed during the second quarter. The overall purpose is to simplify the system that links performance to remuneration.

Delivering great customer service - We are committed to providing great service to our customers: individuals, TEOs, and the wide range of partners and stakeholders we work with. However, our annual customer survey has shown us that we can do even better.

To help us lift the quality, consistency and accuracy of our customer service, we have developed our *TEC Service Commitments*. These expand on how we will put our new TEC value of *Service Matters* into practice. We will use the TEC Service Commitments to reinforce the importance of customer service throughout our organisation, and set clear expectations for our staff and for our customers. We launched the Service Commitments across the TEC in October, supported by communications to staff on how to embed them and apply them to their day-to-day work. Supporting our Service Commitments will be an ongoing process into the third quarter of 2020/21 and beyond. We intend communicating the Service Commitments to our external customers in the current quarter.

We are also investing in the technology our Customer Contact Group need to provide great customer service. A telephony and knowledge platform will enable our staff to communicate with our customers more efficiently and effectively, including a self-serve option. We are in the process of procuring the technology and will implement this in 2020/21.

Continuing to embed our EPMO

We have created a prioritised portfolio of change for FY 2020/21. This balanced portfolio will enable our key outcomes while supporting the necessary activities to maintain and improve our core asset base.

We continue to provide Enterprise Portfolio Management Office (EPMO) support to the RoVE, Tiro Whetū, and Inspiring the Future programmes of work, ensuring their impacts are considered in the achievability of our portfolio.

We are continuing to develop our investment logic mapping practices. This enables closer alignment between our strategic objectives, benefits and outcomes, and supports benefits-led investment decisions.

Change leadership

We have provided our tier three and four managers with change management training to lift our change maturity and leadership.

We are establishing a single view of change to ensure we understand the business impacts of projects and BAU.

Strategic Reporting

Work has begun on a proof of concept to implement an enterprise project and portfolio reporting system. This will provide the TEC with a central repository for project, programme and portfolio management, benefits, risk and dependency reporting.

Continuing to improve our project practices and governance maturity

We are partnering with key projects to build a matrix-managed change and business analysis resource pool. We will continue to seek opportunities for contractor cost reduction and retention of intellectual property.

We have carried out extensive governance training across our management and leadership teams. We continue to increase out assurance activities across projects and programmes.

The EPMO team have partnered with the Strategy & Evaluation team to provide investment logic mapping, benefits and evaluation planning for Inspiring the Future and Tiro Whetū.

Our strategy

One of the key purposes for the TEC is to support New Zealand to be resilient and prosperous both now and in the future. COVID-19 has changed the world, and in response to the COVID-19 pandemic, we commenced work to determine our most appropriate strategic response to supporting New Zealand's long term COVID-19 recovery. This work highlighted that many of the challenges facing the careers and tertiary education sector from COVID-19 are not new, but the impact of COVID-19 has increased our need to accelerate our response to these.

Underpinning all of what we do is sustaining an unrelenting focus on achieving equity, ensuring everyone can succeed with their identity valued and supported. New Zealanders need to be able to recognise and develop their skills in areas relevant to the needs of employers and communities, and we need to ensure we support people into sustainable work that supports our growth and innovation.

We have identified six interconnected strategic priorities necessary to support the recovery. Our work indicated we have been doing many of the right things and we are already undertaking work across each.

1. **Deliver a Skills and Equity-focused Careers Response:** We need to develop everyone's skills knowledge and confidence to find meaningful work throughout their lives.
2. **Create Responsive Skill Development Opportunities:** We need to increase the supply of skills that learners, employers and communities need, at the right time.
3. **Build Sector Capability:** We need to build the capability of tertiary organisations to create transferrable knowledge and deliver equitable, culturally responsive learning environments.
4. **Deliver a Vocational Education System for the Future through RoVE:** We need to ensure vocational education is fit for purpose for the future of work through RoVE.
5. **Build a Learner-Centric Funding System:** We need to shift to a funding system that focuses on learners and incentivises and rewards equitable outcomes for all.
6. **Grow a thriving TEC:** We need to continuously improve and mature our organisation to deliver on our strategy.

This strategy aligns with the TES and will influence all our work over the next three to five years. Our current strategic work programme (including RoVE,) is already beginning to contribute to our new strategy and the TES. Over the rest of the financial year we will work to understand any adjustments we could make to ensure as much of our resources as possible are dedicated to delivering our strategy and supporting New Zealand's long term recovery. From the 21/22 financial year onwards our strategy, along with the TES, will be the basis of our business planning and prioritisation.

Data 2020

The TEC, in partnership with the MoE and NZQA, will create a new platform to exchange data across the tertiary education sector. It will introduce modern, fit-for-purpose technology that will reduce the cost and risk of our current data collection platforms.

The timing and approach to release the new platform has been recently reviewed to address a number of factors, including the impact of COVID-19. Timing to deliver some scope has been delayed to ensure TEOs are able to focus on issues arising from COVID-19.

As a result we will continue to:

- › Mitigate risk and costs of our current data collection platforms by upgrading Workspace2 and STEO (incl. the SDR), and
- › Deliver a public application programming interface (API) for fees free data submissions (addressing a current issue for providers).

This will be delivered in the third quarter of 2021. Timing for the delayed scope is to be confirmed.

We continue to engage closely with MoE and NZQA through inter-agency forums to co-govern the project and co-design the solution.

Information security

We have been progressing our Cyber Security maturity over the last quarter, by selecting Arua Information Security as our Independent Cyber Security partner. Arua will provide us with specialist cyber security advice and capability, commencing with the selection of a robust cyber security framework to supplement the government mandated Protective Security Requirements. A review of our current maturity against this framework is being undertaken with a gap analysis and recommendations report to follow in December.

We continue to progress our Technical Audit lifecycle with a Local Area Network penetration test schedule before the end of 2020.

Our security by design approach continues to improve over the last period with enhancement of our security design approach for new initiatives, by including security reviews and risk assessments at each point of the design process as well as penetration testing as appropriate. We are also following an improved certification and accreditation process using the Government Chief Digital Officer (GCDO) Cloud Service Risk Assessment tools to provide further risk mitigation.

Privacy

In the last financial year we focused on developing a solid basis for privacy throughout the organisation. Delivery of an updated Personal Information Policy provided a framework to continue to develop our privacy maturity. To support the policy we developed key processes to enable our people to do the right thing when working with personal information. This quarter we have continued to embed good privacy practice by reinforcing the policy, processes and key privacy messaging with our people.

We continue to assess new initiatives and tools using our Privacy Impact Assessment processes and have aligned this with our Security Risk Assessment processes. This has enabled us to provide an improved service and refined process to our stakeholders.

The Privacy Act 2020 will come into effect on 1 December 2020. We have reviewed the key changes and conducted analysis of existing practice to ensure we will be compliant with the new legislation.

During the quarter we stood up an ethics panel and process to assess new initiatives, and ensure that we are engaging with stakeholders in a fair and reasonable manner. The panel has provided feedback to ensure our consent and data collection approach is customer centred. The panel has provided robust challenge to applicants across a number of areas including data collection, consent, approach to youth data collection, and the approach to working with marginalised groups.

Quarter one 2020/21 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	2	0	0
SPE measures	6	1	0	4	1
Total measures	8	1	2	4	1

The measure not on track, and not expected to achieve target by the end of the year, relates to payments made to Tertiary Education Organisations (see note 4 below).

TEC output measures

Document	Measure	Actual as at 30/03/20	Target 2020/21	Actual 2019/20
Statement of Intent (SOI)	At least three system-wide reviews completed each year and results shared with tertiary education organisations	1 (Note 1)	Achieve	1
	At least three educational activities undertaken each year to support the capability of tertiary education organisations and provide information and guidance on their obligations	1 (Note 2)	Achieve	3

Note 1: One system review (repeated qualifications and recognition of prior learning) is currently underway. On track to complete at least three system-reviews this year (subject to the impact of ROVE implementation and COVID-19 response work on resourcing).

Note 2: We published a Monitoring Update in August 2020 that provided the sector with guidance on reporting requirements related to COVID-19 response funds, compulsory student service fees reporting, and the resumption (following lockdown) of audits and investigations. COVID-19 restrictions have affected our ability to provide any all-day events in Wellington. In addition the planned Briefing for the new Te Pukenga council (a Teams meeting) was postponed by the Chair until the remaining Ministerial appointment is made and the elected representatives join the council, which we expect to be in early 2021. Planning is underway for a Briefing/Induction for university council members who joined in 2020, and we intend to resume our programme late in 2020/early 2021. We are considering alternatives to in-person briefings.

Note 3: COVID-19 restrictions have to date prevented us from holding governance seminars, meaning we have not been able to survey participants about the value of such sessions. We hope to be able to resume our induction and briefing programme in late 2020/early 2021. We are also exploring alternative ways of conveying information to TEI council members and support staff, and have updated the TEC's Governance Guide for TEI council members.

Sector output measures

Document	Measure	Actual year to date	Target 2020	Actual 2019
Statement of Performance Expectations (SPE)	Percentage of learners accessing the desired range (hours) of provision (Note 1)	42.33% (Note 2)	At least 62.6%	62.89%
	Intensive literacy and numeracy			
	Workplace Literacy and Numeracy (tertiary education organisation – led)	32.74% (Note 3)	At least 60.8%	73.37%
	English for Speakers of Other languages	93.33% (Note 4)	At least 95.6%	95.78%
	Gateway – total participants and number of schools	8,108 in 339 schools (Note 5)	13,200 ±5% in up to 375 schools	14,333 in 378 schools
	Number of domestic equivalent full-time students in Information and Communications Technology (ICT) Graduate Schools per calendar year	208	At least 195	195
Percentage of payments the TEC makes to tertiary education organisations that are made within agreed timeframes	99.97% (Note 6)	100%	99.8%	

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: Although below target, this result is on a par with previous Q1 reports. The equivalent figure in 2019 was 46.2% and in 2018 was 43%. We would expect the Q3 report to better reflect actual performance.

Note 3: Historically the Q1 result has always missed target when compared to other reporting periods. 2019 delivered 43% for this measure, and 2018 delivered 36%. However, with the disruption to workplaces experienced recently, we might expect a decline in this measure when compared to previous years. We will only get a better view of this impact with the next set of reporting on this measure in Q3.

Note 4: Although below target, this result is on a par with last year's Q1 result. The equivalent figure in 2019 was 95.84%. We will report again on this measure in Q3 and expect that result to better reflect actual performance.

Note 5: 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. Delivery of Gateway has also been impacted by COVID-19 and the ability to access workplaces during the various levels of restriction. This has suppressed participant numbers. Reporting for the period is also likely to have been impacted by COVID-19, with fewer providers submitting reports in July than historically (Gateway providers submit in July and December).

Note 6: Two out of 6,494 payments were not made within agreed timeframes

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

Fund	2020/21 quarter one progress	Financial information (Note 1)		
		Actual as at 30/09/20 \$000	Budget 30/09/20 \$000	Budget 2020/21 \$000
Targeted Training and Apprenticeship Fund	74,770 learners have become eligible for TTAF since 1 July 2020, 23% of which started on or after this date. 56% of these learners are engaged in an apprenticeship programme. Funding allocations of \$40.2m were made during the quarter. We expect the year-end funding to be significantly higher. The implementation team is working through identifying ongoing measures for TTAF reporting.	40,237	41,916	160,000
Group Training Schemes Support Fund	Funding applications for the period 1 July 2020 to 30 June 2021 were received at the end of quarter one. These were assessed and funding recommendations made in quarter two for a total of \$15.97m, with payments commencing during quarter two. The first milestone reports were received during quarter two, and we will commence reporting and publishing key information on the use of funding in quarter two.	0	4,033	16,130
Workforce Development Council And Transitional Industry Training Organisation Covid-19 Response Projects Fund	In quarter one, 13 Projects have been commissioned through a series of six fortnightly application rounds held in the period. Projects commissioned through this fund are comprised of three Phases, where Phase 1 is scoping. Currently, all of the commissioned Projects to date are at the scoping phase. We expect Q2 to see many of these Projects proceed to Phase 2, alongside the commissioning of new Projects at Phase 1. Projects are typically planned to run over 3-12 months. Outputs will be the development of workforce strategies, learner pathways or qualification development.	383	2,500	10,000
Workforce Development Councils Establishment Fund	The project continued to maintain momentum this quarter despite timelines being extended in response to changes to the election date and COVID-19 alert status. The six Workforce Development Council (WDC) interim Establishment Boards (iEBs) are meeting regularly. A Māori sub-group has formed across all iEBs. The project team continues to progress the WDC Design Process with stakeholders, to develop the high level functional design for WDCs. (See page 2 for more details).	625	1,000	4,000
Workforce Development Councils Fund		0	0	46,000
Careers System Online – Tiro Whetū	In quarter one we completed a tender process to select a vendor to work with over the next two years to deliver the Online Careers Planning (Tiro Whetū) solution. The final preferred candidate was a consortium of three with a lead vendor: <ul style="list-style-type: none"> › Springload – the lead and a digital agency who will drive the solution co-design with users and technical build. › IDIA – Indigenous Design and Innovation Aotearoa, a centre of excellence for Māori and indigenous design. › Nicholson Consulting – a data science consultancy. (See page 4 for more details).	348	894	8,500
Tertiary Tuition and Training	The <i>Meeting Increased Learner Need for Tertiary Education</i> initiative provides funding to manage the cost of funding additional tertiary education enrolments from 1 January 2021 to 31 December 2023.	0	0	79,450

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 \$1.460 million) is not included in this table.

We are forecasting a lower grants spend in 2020/21

Overall grant spend is forecast to be \$2.604b at the end of the financial year. This is lower than last year's grant spend of \$4.421b, although the figures for 2019/20 are still subject to audit finalisation and may change. The majority of the decreased 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 be resolved. This decrease is partially offset by an increase of \$281m of new funding in the baseline in response to COVID-19. Note that forecasting is challenging this financial year both for providers and the TEC. Relatively high unemployment and high student demand is expected but is difficult to forecast regionally and by course type at this stage. We will keep a close watch on this as the financial year progresses.

We currently have \$108m in our grants Balance Sheet Mechanism (made up of \$92m receivable from the MoE, plus funds held in our equity of \$16m). We are currently expecting to draw from our Balance Sheet Mechanism in 2020/21 as student demand is forecast to be higher than previous year and we expect providers to be able to deliver 102% of allocated funds. A forecast of the likely drawdown on the Balance Sheet Mechanism will be available in subsequent reports.

During Budget 2020, in addition to increasing the Student Achievement Component funding significantly, we reduced the Industry Training Fund (ITF) baseline by \$35m in each of the 2021-22 calendar years, (\$17.5m in the 2020/21 financial year). We now expect in-work training demand to be at least as high as previous years, and given government support for this type of training, we plan to keep allocations to providers consistent with 2020. The overspend in ITF will be offset by underspends in other funds within the category or other funds within the multi-category appropriation. We will seek Ministers' approval formally for a transfer at the nearest opportunity.

Our \$0.4m operating deficit is better than the budgeted deficit of \$1.4m by \$1.0m at the end of quarter one 2020/21

We were under budget because of lower depreciation, and reduced travel and personnel costs. Our expenditure on internal programmes of work is below the levels outlined in the SPE budget by \$1.2m in the first quarter.

We are forecasting our deficit to be \$3.3m to \$4.3m at the year-end against a budget deficit of \$5.0m. The final amount is dependent on the evaluation and approval of programmes of work for the rest of the year.

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

We continue to review our five year forecast to ensure we are operating in a financially sustainable manner. 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.

In the short term we have the cash reserves to meet these requirements. In the medium term we will need to achieve efficiencies. A key focus for these efficiencies is right-sizing our work programme and improving our core processes, and we will need to ensure the move to the cloud is as close as possible to cost neutral.

In addition to the above, we will need new operating funding to ensure we are resourced to complete RoVE over the next two financial years. The operating funding for RoVE runs out at the end of this financial year and a significant work programme will remain to be completed. The TEC and MoE will present a briefing to Ministers on options during quarter two.



Financial Statements

Grants revenue and expenses

For the period ended 30 September 2020

	2021 3 months actual \$000	2021 3 months SPE Budget \$000	2021 Full Year SPE budget \$000	2021 Full year forecast \$000	2020 Full year actual \$000
REVENUE					
Crown revenue	173,748	191,836	2,511,303	2,561,214	4,432,011
Prior year recoveries	88	500	2,000	2,000	1,242
Interest	10	75	300	300	152
Total revenue	173,846	192,411	2,513,603	2,563,514	4,433,405
Less revenue administered by Ministry of Education	(1,173)	(1,730)	(7,584)	(7,584)	(11,274)
Total revenue administered by TEC	172,673	190,681	2,506,019	2,555,930	4,422,131
EXPENSES					
Tertiary Tuition and Training multi-category appropriation					
<i>Community Education</i>	6,919	3,069	47,609	46,521	106,772
<i>Tertiary Education: Student Achievement Component</i>	5,823	4,606	1,395,239	1,479,110	3,007,361
<i>Training for Designated Groups</i>	1,023	5,802	148,390	150,334	427,079
<i>Fees-free Payments</i>	39,330	54,069	428,413	372,357	370,087
Total Tertiary Tuition and Training multi-category appropriation	53,095	67,546	2,019,651	2,048,322	3,911,299
Access to Tertiary Education	151	5,729	39,022	38,529	53,277
Tertiary Sector / Industry Collaboration Projects	7,471	11,347	46,430	41,737	26,098
Establishment of a Single National Vocational Educational Institute	10,900	-	-	33,082	-
Secondary-Tertiary Interface (Vote Education)	(32)	112	14,331	15,577	37,957
Centres of Research Excellence	12,450	12,450	49,800	49,800	49,800
Support for PTEs of Strategic Importance	-	-	-	9,900	-
Support for Te Wānanga o Raukawa	5,000	-	-	5,000	-
Tertiary Education Research and Research-Based Teaching	79,875	79,500	321,000	321,000	331,000
University-led Innovation	3,431	2,500	10,000	9,198	7,526
Workforce Development Councils	-	10,500	42,000	20,000	-
Tertiary Scholarships and Awards	1,407	2,152	19,868	19,868	15,054
Total expenses	173,748	191,836	2,562,102	2,612,013	4,432,011
Less expenses administered by Ministry of Education	(1,173)	(1,730)	(7,584)	(7,584)	(11,274)
Total expenses administered by TEC	172,575	190,106	2,554,518	2,604,429	4,420,737
Surplus/(deficit)	98	575	(48,499)	(48,499)	1,394

Operational revenue and expenses

For the period ended 30 September 2020

	2021 3 months actual \$000	2021 3 months SPE Budget \$000	2021 Full Year SPE budget \$000	2021 Full year forecast \$000	2020 Full year actual \$000
REVENUE					
Crown revenue					
– Tertiary Education Commission	18,766	18,656	75,258	80,533	69,918
– Māori Education Trust (MoE-administered)	9	27	109	109	109
Contract – Pre-purchased English Language Tuition	88	65	560	790	608
Contract – Migrant Futures	383	403	1,613	1,571	1,708
Interest	128	234	936	882	991
Other	359	376	1,512	1,290	1,846
Total revenue	19,733	19,761	79,988	85,175	75,180
EXPENSES					
Tertiary Education Commission	20,098	21,139	84,855	89,009	77,560
Māori Education Trust (MoE-administered)	9	27	109	109	109
Total expenses	20,107	21,166	84,964	89,118	77,669
Surplus/(deficit)	(374)	(1,405)	(4,976)	(3,943)	(2,489)

Statement of Comprehensive Revenue and Expense

For the period ended 30 Septemberh 2020

	2021 3 months actual \$000	2021 3 months SPE Budget \$000	2021 Full Year SPE budget \$000	2021 Full year forecast \$000	2020 Full year actual \$000
REVENUE					
Grants revenue:					
Vote Education/Tertiary Education – MoE	172,575	190,106	2,503,719	2,553,630	4,420,737
Prior year recoveries – net	88	500	2,000	2,000	1,242
Total grants revenue	172,663	190,606	2,505,719	2,555,630	4,421,979
Operating revenue:					
Vote Tertiary Education – MoE	18,766	18,656	75,258	80,533	69,918
Contract – Migrant Futures	383	403	1,613	1,571	1,708
Contract – Pre-purchased English Language Tuition	88	65	560	790	608
Other revenue	359	376	1,512	1,290	1,846
Total operating revenue	19,596	19,500	78,943	84,184	74,080
Finance revenue:					
Interest – grants	10	75	300	300	152
Interest – operating	128	234	936	882	991
Total finance revenue	138	309	1,236	1,182	1,143
Total revenue	192,397	210,415	2,585,898	2,640,996	4,497,202
EXPENSE					
Grants expense:					
Grants expense	172,580	189,981	2,554,018	2,604,767	4,422,486
Bad and doubtful debts	(5)	125	500	(338)	(1,749)
Total grants expense	172,575	190,106	2,554,518	2,604,429	4,420,737
Operating expense:					
Personnel costs	13,293	13,541	54,109	57,556	49,154
Amortisation	896	1,043	4,107	3,222	4,841
Depreciation	265	285	1,090	1,079	1,200
Other expenses	5,644	6,270	25,549	27,152	22,365
Total operating expense	20,098	21,139	84,855	89,009	77,560
Total expense	192,673	211,245	2,639,373	2,693,438	4,498,297
SURPLUS/(DEFICIT)					
Grants surplus/(deficit)	98	575	(48,499)	(48,499)	1,394
Operating surplus/(deficit)	(374)	(1,405)	(4,976)	(3,943)	(2,489)
Total comprehensive revenue and expense	(276)	(830)	(53,475)	(52,442)	(1,095)

Statement of Financial Position

As at 30 September 2020

	2021 3 months actual \$000	2021 3 months SPE Budget \$000	2021 Full Year SPE budget \$000	2021 Full year forecast \$000	2020 Full year actual \$000
CURRENT ASSETS					
Receivables	1,027,673	1,089,945	493,897	487,248	1,696,156
Cash and cash equivalents	78,603	66,893	58,665	51,763	92,655
Prepayments	1,063	1,020	1,020	1,020	1,170
Total current assets	1,107,339	1,157,858	553,582	540,031	1,789,981
NON-CURRENT ASSETS					
Intangible assets	12,838	14,484	22,252	22,043	12,289
Property, plant and equipment	4,139	4,111	3,307	3,704	4,267
Total non-current assets	16,977	18,595	25,559	25,747	16,556
Total assets	1,124,316	1,176,453	579,141	565,778	1,806,537
CURRENT LIABILITIES					
Payables	922,812	1,006,864	458,297	455,348	1,606,239
Pre-purchased English Language Tuition – fees in advance	20,510	20,597	17,508	14,163	20,578
Repayment of grants funding – MoE	32,804	275	300	300	32,788
Employee entitlements	2,797	2,040	2,957	3,577	3,280
GST payable	2,916	3,556	2,858	(4,634)	2,268
Provision for lease	150	150	150	150	150
Total current liabilities	981,989	1,033,482	482,070	468,904	1,665,303
NON-CURRENT LIABILITIES					
Provision for lease	951	981	868	868	989
Employee entitlements	711	867	867	714	711
Total non-current liabilities	1,662	1,848	1,735	1,582	1,700
Total liabilities	983,651	1,035,330	483,805	470,486	1,667,003
Net assets	140,665	141,123	95,336	95,292	139,534
EQUITY					
General funds	140,665	141,123	95,336	95,292	139,534
Total equity	140,665	141,123	95,336	95,292	139,534

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 guaranteeing of tertiary education organisations funding for 2020 meant that we had an obligation for the full amount of 2020 funding at 30 June 2020. We recognised a further \$1.112b of revenue, expenditure and PBE accounting adjustment at 30 June 2020 leading to a 30 June 2020 PBE accounting adjustment of \$1.579b. This extra \$1.112b adjustment will reverse over the rest of 2020 leading to a forecast 30 June 2021 PBE accounting adjustment of \$431m compared to our original budget of \$434m.

The actual PBE accounting adjustment at 30 September 2020 is \$901m compared to a budget of \$980m. The movement of \$678m from last year also reduces grants revenue and expenses.

Statement of Changes in Equity

For the period ended 30 September 2020

	2021 3 months actual \$000	2021 3 months SPE Budget \$000	2021 Full Year SPE budget \$000	2021 Full year forecast \$000	2020 Full year actual \$000
Balance at 1 July	139,534	140,611	140,611	139,534	140,781
Total comprehensive revenue and expense for the year	(276)	(830)	(53,475)	(52,442)	(1,095)
Capital contribution	1,417	1,417	8,500	8,500	-
Repayment of grants interest – MoE	(10)	(75)	(300)	(300)	(152)
Balance at 30 September	140,665	141,123	95,336	95,292	139,534

Breakdown of Cash Balances

As at 30 September 2020

	2021 3 months actual \$000	2021 3 months SPE Budget \$000	2021 Full Year SPE budget \$000	2021 Full year forecast \$000	2020 Full year actual \$000
Operations cash	25,424	25,009	20,290	21,177	24,319
Grants cash	34,543	23,636	22,935	18,389	50,006
Pre-purchased English Language Tuition cash	18,636	18,248	15,440	12,197	18,330
Cash and cash equivalents at 30 September 2020	78,603	66,893	58,665	51,763	92,655

Statement of Cash Flows

For the period ended 30 September 2020

	2021 3 months Actual \$000	2021 3 months SPE Budget \$000	2021 Full Year SPE Budget \$000	2021 Full Year Forecast \$000	2020 Full Year Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash was provided from:</i>					
Grants – MoE	850,008	867,757	3,777,418	3,739,145	3,259,807
Grant recoveries – prior year	88	500	2,000	2,000	1,365
Grants – Pre-purchased English Language Tuition	827	-	1,191	(6,134)	2,773
Operating – MoE	18,051	18,656	75,258	80,533	69,659
Operating – Pre-purchased English Language Tuition	82	65	279	509	276
Operating – other	1,911	1,989	3,125	3,165	3,509
	870,967	888,967	3,859,271	3,819,218	3,337,389
<i>Cash was applied to:</i>					
Grants payments	(847,064)	(867,857)	(3,783,018)	(3,732,909)	(3,232,865)
Payments to employees	(13,765)	(14,158)	(53,751)	(57,224)	(48,408)
Other operating payments	(5,587)	(5,579)	(25,636)	(26,443)	(23,768)
GST – net	649	1,026	328	(6,901)	6,964
	(865,767)	(886,568)	(3,862,077)	(3,823,477)	(3,298,077)
Net cash flows from operating activities	5,200	2,399	(2,806)	(4,259)	39,312
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash was provided from:</i>					
Interest – operating	159	234	936	847	1,020
Sale of property, plant and equipment	-	-	-	-	16
	159	234	936	847	1,036
<i>Cash was applied to:</i>					
Purchase of intangible assets	(1,279)	(2,667)	(13,500)	(13,127)	(2,727)
Purchase of property, plant and equipment	(138)	-	-	(365)	(546)
	(1,417)	(2,667)	(13,500)	(13,492)	(3,273)
Net cash flows from investing activities	(1,258)	(2,433)	(12,564)	(12,645)	(2,237)
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash was provided from:</i>					
Capital contribution - MoE	1,417	1,417	8,500	8,500	-
<i>Cash was applied to:</i>					
Repayment of grants funding – MoE	(19,411)	75	100	(32,488)	(7,804)
Net cash flows from financing activities	(17,994)	1,492	8,600	(23,988)	(7,804)
Net increase/(decrease) in cash and cash equivalents	(14,052)	1,458	(6,770)	(40,892)	29,271
Cash and cash equivalents at 1 July	92,655	65,435	65,435	92,655	63,384
Cash and cash equivalents at 30 September	78,603	66,893	58,665	51,763	92,655