

**Tertiary
Education
Commission**
Te Amorangi
Mātauranga Matua



Tauākī Whāinga Mahi Statement of Performance Expectations

2021/22

**Ka Hikitia: E angitu ai te Māori
hei Māori anō ki ngā Taumata
o ngā Pūnaha Mātauranga
Matua, Umanga hoki**

**Ka Hikitia: Māori enjoy and
achieve education success,
as Māori, in the Tertiary
Education and Careers Systems**

**Ko Te Amorangi Mātauranga
Matua me Te Tiriti o Waitangi**

**The Tertiary Education
Commission and the Treaty
of Waitangi**

- 1.** The Tertiary Education Commission is part of the tertiary education and careers systems that honours Te Tiriti o Waitangi.
- 2.** We will ensure that our work is consistent with Te Tiriti o Waitangi-related goals of the Education Work Programme, the Tertiary Education Strategy, Ka Hikitia and Tau Mai Te Reo.
- 3.** We acknowledge our responsibility to Te Tiriti o Waitangi in its entirety, including taking into account the interests of Māori, iwi, hapū and whānau.
- 4.** In particular, through our work programme we will give effect to the Third Article of Te Tiriti o Waitangi to ensure equitable outcomes for Māori as learners. We will work to ensure that all Māori learners receive what they need to be successful, through the intentional design and stewardship of the tertiary education system.

We will support the Crown to meet its duties to actively protect the taonga of te reo Māori, mātauranga Māori and a strong wānanga system of tertiary education.

Ko tātou te pokapū matua o te kāwanatanga mō te tuku haumi i roto i te mātauranga matua me ngā ratonga umanga

We are Government's key agency for investment in tertiary education and careers services

The Tertiary Education Commission (TEC) is a Crown agency under the Crown Entities Act 2004 and we are governed by a Board of Commissioners appointed by the Minister of Education.

We are stewards of the tertiary education and careers systems. We nurture and shape the systems by creating connections, sharing information and insights and leveraging partnerships and investment to ensure the systems are sustainable, capable and aligned. Most importantly, we help make sure that all New Zealanders have opportunities to achieve the best tertiary education and employment outcomes – for themselves, for their whānau and for New Zealand.

Each year we spend between \$3-4 billion investing in tertiary education and supporting the tertiary education and careers systems. Our investment in the tertiary education system supports more than 700 tertiary education organisations across New Zealand to provide all forms of post-secondary school education, including foundation education, vocational education and higher education, including research.

Tō mātou kaupapa, tirohanga whakamua hoki

Our purpose and vision

Our purpose and vision reflects the journey we are taking at the TEC and with our stakeholders to shape a system where every person has the skills, knowledge and confidence to create a fulfilling life.

Our Purpose: To shape a dynamic system that delivers lifelong learning and equips learners, communities and employers for success.

We shape a system that allows every person in New Zealand – from all backgrounds through every chapter of their life – to acquire the skills and knowledge they need to advance their wellbeing through education and employment. Importantly, we make sure that the system reflects and delivers to New Zealand's growing diversity and engages those who are currently underserved.

Delivering on our purpose requires us to continually understand the changing needs of learners, communities and employers. We use this insight to shape an interconnected and responsive system that delivers world-class education, training and research.

Our Vision: A resilient, prosperous New Zealand – where every person has the skills, knowledge and confidence to create a fulfilling life.

Our measure of success is an inclusive system that makes New Zealand a fairer and more prosperous society. Skills and knowledge will provide our communities and industries with the resilience to adapt and thrive in changing times. When everyone is on a lifelong learning path, their participation will propel social mobility, fuel innovation and drive economic growth.

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Ka whakatakoto tēnei Tauākī Whāinga Mahi i ō tātou whāinga mahi mō te tau 2021/22

This Statement of Performance Expectations sets out our performance expectations for 2021/22

It provides:

- › a base against which performance can be assessed
- › an explanation of how performance will be assessed
- › forecast financial statements.

Our medium-term strategic intentions are described in our *Statement of Intent 2019/20 - 2022/23*, which is available on our website www.tec.govt.nz.

Kua whakatakotoria ā tātou āheinga ā-ture
i roto i te Education and Training Act 2020

Our statutory functions are set out in the Education and Training Act 2020

Our statutory functions require us to:

- › give effect to the Tertiary Education Strategy (TES) by funding tertiary education organisations (TEOs), growing their capability and monitoring their performance
- › collect and provide information about study and work options
- › provide information and services to help career seekers prepare to move to work or further study
- › strengthen the connections from education to employment
- › advise the Minister on tertiary education organisation's and sector performance and on the operational impact of policy.

Section 4 of the new Education and Training Act states that the purpose of the Act is to establish and regulate an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relationships. The Act sets a clearer and higher standard for Te Tiriti than previous social policy legislation. It provides a greater emphasis on the role of education agencies and the education sector as a whole in giving effect to Te Tiriti o Waitangi.

Through our stewardship and monitoring role for the tertiary education and careers systems we will work to ensure that all TEOs are giving effect to Te Tiriti o Waitangi as a condition of their funding and delegated roles and powers from the Crown.

WE WILL SPEND OVER

\$3.9 BILLION
INVESTING
in tertiary education

AND

SUPPORTING
the tertiary education and careers systems

This document sets out the Vote Tertiary Education and Vote Education appropriations that we are responsible for reporting against. It shows the amount we will spend through each appropriation in 2021/22 and the measures we will use to track progress towards achieving the intention of each appropriation. It also shows how much each appropriation links to our four strategic goals.

Throughout this document we have identified the measures that we are responsible for, reflecting our role in implementing policy. We have also identified the measures that we contribute to, through our investment in the tertiary education sector. These measures focus on policy outcomes where there are other factors that impact these results, including the economy, unemployment and labour participation rates.

(R) TEC IS RESPONSIBLE
for the result of this measure

(C) TEC CONTRIBUTES
to the result of this measure

Desired trend symbols are used to indicate what we want to see happen to the performance result in the future



Increase



Decrease



Maintain or increase

This appropriation
supports the
Tertiary Education
and Careers Systems

\$77.3

MILLION

ADMINISTRATION OF
AND **SUPPORT**
FOR THE **TERTIARY**
EDUCATION AND
CAREERS SYSTEMS

\$7.3

MILLION

VOCATIONAL EDUCATION
DATA SYSTEM

\$6.5

MILLION

CAREERS
SYSTEM ONLINE

We use these appropriations to **invest** in tertiary education

\$3,309.0

MILLION

TERTIARY TUITION AND TRAINING

THIS INCLUDES:

COMMUNITY EDUCATION

TERTIARY EDUCATION: STUDENT ACHIEVEMENT COMPONENT

TRAINING FOR DESIGNATED GROUPS

FEES FREE

\$321.0

MILLION

TERTIARY EDUCATION RESEARCH AND RESEARCH-BASED TEACHING

\$49.8

MILLION

CENTRES OF RESEARCH EXCELLENCE

\$48.0

MILLION

WORKFORCE DEVELOPMENT COUNCILS

\$44.4

MILLION

ACCESS TO TERTIARY EDUCATION

\$42.4

MILLION

TERTIARY SECTOR/ INDUSTRY COLLABORATION PROJECTS

\$30.6

MILLION

SECONDARY TERTIARY INTERFACE

\$19.9

MILLION

TERTIARY SCHOLARSHIPS AND AWARDS

\$10.0

MILLION

ESTABLISHMENT OF A SINGLE NATIONAL VOCATIONAL EDUCATIONAL INSTITUTION

\$9.4

MILLION

UNIVERSITY-LED INNOVATION

\$4.0

MILLION

SUPPORT FOR WĀNANGA

\$1.0

MILLION

SUPPORT FOR TE WĀNANGA O RAUKAWA

Tauākī Whakamaunga Atu

Statement of Responsibility

This *Statement of Performance Expectations 2021/22* is produced in accordance with the requirements of sections 149B to 149M of the Crown Entities Act 2004.

This *Statement of Performance Expectations 2021/22* has been prepared as required under the Crown Entities Act 2004. We take responsibility for the statement's content, including the assumptions used in preparing the forecast financial statements and the other required disclosures. We will not update these prospective financial statements following their publication.

We use and maintain internal controls to ensure the integrity and reliability of our performance and financial reporting.

We certify that the information contained in this *Statement of Performance Expectations 2021/22* is consistent with the appropriations contained in the *Estimates of Appropriations for the year ending 30 June 2021*. These were laid before the House of Representatives under section 9 of the Public Finance Act 1989.

Signed on behalf of the Board of the Tertiary Education Commission:



Jenn Bestwick
Chair
Tertiary Education Commission
17 June 2021



Alastair MacCormick
Chair
Audit, Risk and Compliance Committee
Tertiary Education Commission
17 June 2021

Kei konei mātou mō te ākonga, mō ngā hapori, mō te hunga whakawhiwhi mahi hoki

We are here for learners, communities and employers

We believe that if we deliver for learners, learners will deliver for New Zealand.

Through our work we support learners to understand and take hold of the lifelong opportunities they have to upskill, reskill and adapt to new challenges.

Delivering for learners also means delivering for communities and employers. We do this by working with them to make sure learners are equipped with the skills, knowledge and confidence needed to contribute to thriving and resilient communities and an innovative and sustainable economy.

We can't get there alone. We rely on providers – the Tertiary Education and Industry Training Organisations – that we invest over \$3.9 billion into annually. We also work with partners across the public and private sectors to deliver information and services to our customers and providers. Our key partners include the Ministry of Education (MoE), Ministry of Business, Innovation and Employment (MBIE), Education New Zealand (ENZ) and the New Zealand Qualifications Authority (NZQA).



Tā mātou rautaki

Our strategy

During 2020 we launched a new organisational strategy built around shaping a system that responds to and meets the needs of learners, communities and employers. The strategy looks to ensure New Zealand's tertiary education and careers systems respond to and meet people's needs for skills, knowledge and confidence to build fulfilling lives.

A key element of learner success is ensuring they are equipped with the skills needed by employers and communities to help them recover from COVID-19 and grow.

Our strategy is founded on commitments we've made as an organisation. We'll honour Te Tiriti o Waitangi and work in partnership to meet the needs and aspirations of Māori learners. We'll also embed Te Ao Māori in our work and strengthen Mātauranga Māori in the system.

Delivering on our strategy will also allow us to give effect to the Tertiary Education Strategy, maximise our contribution to the COVID-19 recovery and rebuild, and help deliver on Ka Hikitia, Tau Mai Te Reo, and the Action Plan for Pacific Education.

Through our strategy we are striving to deliver **four big goals**:

- › **Equity** – we'll help build a tertiary education and careers system that helps shape an equitable and inclusive society.
- › **Skills and employability** – we'll work to ensure that the system equips all New Zealanders with the skills and experience they need to find sustainable work and that employers and communities need to recover and thrive.
- › **System responsiveness** – we'll make sure the system is a resilient, accessible and connected system that meets the needs of New Zealand and New Zealanders, now and in the future.
- › **Internal change** – we'll continue our journey to become a data-savvy organisation that uses convening power, insight and deep system knowledge to shape a system that serves every New Zealander.

These goals will become the basis of how we measure our performance. New performance metrics aligned to these goals will be developed for our next Statement of Intent.

To deliver on these goals we are using information, insight, investment and partnerships to pursue **six strategic priorities**:

- › **Skills and equity-focused careers** – develop everyone's skills, knowledge and confidence to find meaningful work throughout their lives.
- › **Responsive skill development** – increase the supply of skills that learners, employers and communities need, at the right time.
- › **Sector capability** – build the capability of tertiary organisations to create transferrable knowledge and create culturally responsive learning environments.
- › **Future vocational education** – ensure vocational education is fit for the future of work through the Review of Vocational Education (RoVE).
- › **Learner-centred funding system** – shift to a funding system that focuses on learners and incentivises and rewards equitable outcomes for all.
- › **Thriving TEC** – invest in our people and mature our organisation to become a data-savvy, connected, and culturally responsive agency focused on strategic delivery.

Each of the work areas in our priority work programme aligns to one or more of these priorities, as do the commitments set out in the Minister's Letter of Expectations 2021.

Our strategy



Our purpose	To shape a dynamic system that delivers lifelong learning and equips learners, communities and employers for success		Our vision	A resilient, prosperous New Zealand, where every person has the skills, knowledge and confidence to build a fulfilling life		
Our priorities	Skills and equity focused careers Develop everyone's skills, knowledge and confidence to find meaningful work throughout their lives	Responsive skill development Increase the supply of skills that learners, employers and communities need, at the right time	Sector capability Build the capability of tertiary organisations to create transferrable knowledge and deliver equitable, culturally responsive learning environments	Future vocational education Ensure vocational education is fit for purpose for the future of work through RoVE	Learner-centred funding system Shift to a funding system that focuses on learners and incentivises and rewards equitable outcomes for all	Thriving TEC Invest in our people and mature our organisation to become a data-savvy, connected, and culturally responsive agency focused on strategic delivery
Our enablers	Streamline investment processes	Risk appetite	Systems thinking	Convening power	Data and insights	People, culture and leadership
Our values	Work together for success	Connect with people	Service matters	Do the right thing		
Our commitments	We honour our commitments under Te Tiriti o Waitangi. Te ao Māori is embedded within and across all of our work. We work in partnership with iwi, wānanga, Māori communities and Māori organisations. The needs and aspirations of Māori learners, their whānau and communities are met through all we do. Mātauranga Māori is strengthened in the system and te reo Māori is supported to grow and thrive as a taonga in Aotearoa.		Our goals	Equity: We'll help build a tertiary education and careers system that helps shape an equitable and inclusive society. Skills and employability: We'll work to ensure that the system equips New Zealanders with the skills and experience they need to find sustainable work and that employers and communities need to recover and thrive. System responsiveness: We'll make sure the system is accessible, resilient and connected to meet the needs of New Zealand and New Zealanders, now and in the future. Internal change: We'll continue our journey to become a data-savvy organisation that uses convening power, insight and deep system knowledge to shape a system that serves every New Zealander.		



The Tertiary Education Strategy

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

More information about the TES can be found on the Ministry of Education's website:

<https://education.govt.nz/our-work/overall-strategies-and-policies/the-statement-of-national-education-and-learning-priorities-nelp-and-the-tertiary-education-strategy-tes>

Ngā Whāinga Rautaki Mātauranga Matua TES objectives

1.

Learners at the centre

Learners with their whānau are at the centre of education

2.

Barrier free access

Great education opportunities and outcomes are within reach for every learner

3.

Quality teaching and leadership

Quality teaching and leadership make the difference for learners and their whānau

4.

Future of learning and work

Learning that is relevant to the lives of New Zealanders today and throughout their lives

5.

World-class inclusive public education

New Zealand education is trusted and sustainable

TEC STRATEGIC PRIORITIES

Skills and equity-focused careers

Skills and equity-focused careers

Responsive skill development

Responsive skill development

Sector capability

Future vocational education

Learner-centred funding system

Kei te urupare tonu mātou ki te pānga o COVID-19

We continue to respond to the impact of COVID-19

COVID-19 hasn't fundamentally changed what we are here to do, but it has increased the urgency of our work and given us new opportunities. We've been doing the right things, but there are still significant issues to resolve around equity, skills and employability, and system responsiveness.

Delivering on our strategy will help us take the opportunities to change the tertiary education system that the COVID-19 pandemic has provided. Many of the challenges facing the tertiary education sector are not new, but the impact of COVID-19 has added to these and accelerated many that already existed:

- › While the economic impact of COVID-19 has not been as severe as first forecast, tens of thousands of people have still lost their jobs. Māori and Pacific peoples are three times more likely to have been displaced as a result of COVID-19. Research suggests impacts on women may be greater, especially for those with caring responsibilities. Many of these people will want to upskill and retrain, looking for short and specific pieces of training rather than full qualifications. Agencies will need to be responsive in working with TEOs to develop and deliver new courses and packages of learning that might be 'outside the box'.
- › In 2020 the number of full-fee international enrolments fell from 58,000 to 47,300 – a decline of 18% – due to the impacts of COVID-19 and border restrictions. Further declines will occur in 2021 because of ongoing border restrictions.

- › Many people will also need reliable career advice and support to find employment and to understand how their skills might be transferrable across different sectors. Our new Online Career Planning Solution will help users to identify their next career steps, particularly those impacted by COVID-19 job losses who need help identifying and planning long-term career goals.
- › The majority of students and TEOs were forced to move to some form of online learning, virtually overnight, during COVID-19 Alert Level 4. This came with a number of technological and pedagogical challenges. There will be increased demand for online and other new modes of delivery. We need to support TEOs to make these changes in response to demand from learners for new ways of working, and to provide consistent quality education across all modes of delivery.

We are prepared for disruption and emergencies

We are committed to maintaining our business continuity preparedness (BCP) for major disruption events, including large-scale emergencies. We hold two business continuity exercises each year to test our emergency response and business continuity plans.

With the arrival of COVID-19 in 2020, the need for maintaining business continuity preparedness has increased. During the prolonged period of national lockdown in 2020 due to COVID-19, remote working became TEC's most important BCP asset. We continue to test our remote working capability as part of our annual business continuity exercise schedule. We have also updated our internal COVID-19 response plan to remain prepared for a possible return to lockdown, either regionally or nationally. The plan focuses on the immediate actions that TEC would implement following an increase in New Zealand's COVID-19 Alert Level. Testing of our BCP and COVID-19 response will continue through 2021.

E hanga ana mātou i tētahi pūnaha mātauranga matua, pūnaha pūkenga, pūnaha whakangungu hoki ka whai hua ai ngā tāngata katoa

We are building a tertiary education, skills and training system that works for everyone

In the current COVID-19 environment, it's more important than ever that our education system enables all learners to succeed, build resilience and contribute to a thriving society.

Our system currently delivers well for the majority of people, but not for those who have more complex needs or are from culturally diverse backgrounds. We need the system to have the flexibility and customisability to work for everyone, and to provide holistic support to all learners.

Our Ōritetanga learner success approach sits at the heart of our strategy. It is about understanding all learners and their needs and aspirations, and supporting TEOs to intentionally redesign their organisations with learners at the centre. It informs and enables the work we do under each of our strategic priorities and will make a crucial contribution to delivering the goals we've set around equity, skills and employability, and system responsiveness.

Developing a tertiary system that works well for all learners is complex, as it requires coordination across a wide range of areas. While we have a specific focus on Māori, Pacific and disabled learner achievement, the Ōritetanga learner success approach will identify and support all learners at risk because it is based on a range of nuanced indicators to identify specific learners' needs.

We need transformational change to achieve a system-level shift. In order for TEOs to make a difference for all learners, we need to see a shift from individual interventions and pockets of focus to a systemic learner focus in all aspects of their operations. To achieve this goal, a holistic approach is required, involving several key elements:

- › strong leadership within TEOs and in relationships with key partners (including employers, family, whānau, iwi)
- › systems and processes designed with the learner in mind, including teaching and learning environments
- › a guided pathways approach that makes it clear to learners before they enrol what they need to do to gain a qualification and where their qualification will lead them
- › data and technology solutions that can be used to appropriately track learner progress and support learner success.

There are compelling domestic and international examples that show we can make a significant difference in learner success. Based on this evidence, we have developed a Learner Success Framework for the New Zealand context.

The Learner Success Framework provides TEOs with a blueprint for putting learners at the heart of what they do, and is designed to address the bias and disparities that have resulted in the system underserving certain learner groups. The approach is designed to deliver on our commitment to equity and to ensure all learners can succeed. We are nearing the end of our initial pilot projects with TEOs to test the framework. Lessons will be used to refine the framework and build a plan for rolling out this approach across the sector from 2021.

Te anga angitu o te ākongā

Learner success framework

MAKING SURE IT LASTS

Understand how

Develop data, systems and procedures to enable TEOs to identify when extra services need to be deployed

Ongoing advising touch points & methods and policies – enrolment support & outreach, first year programme planning, goal setting

Develop holistic service support models, responsive to where learners are on their journey

BUILD ORGANISATIONAL CAPABILITY & COMMITMENT

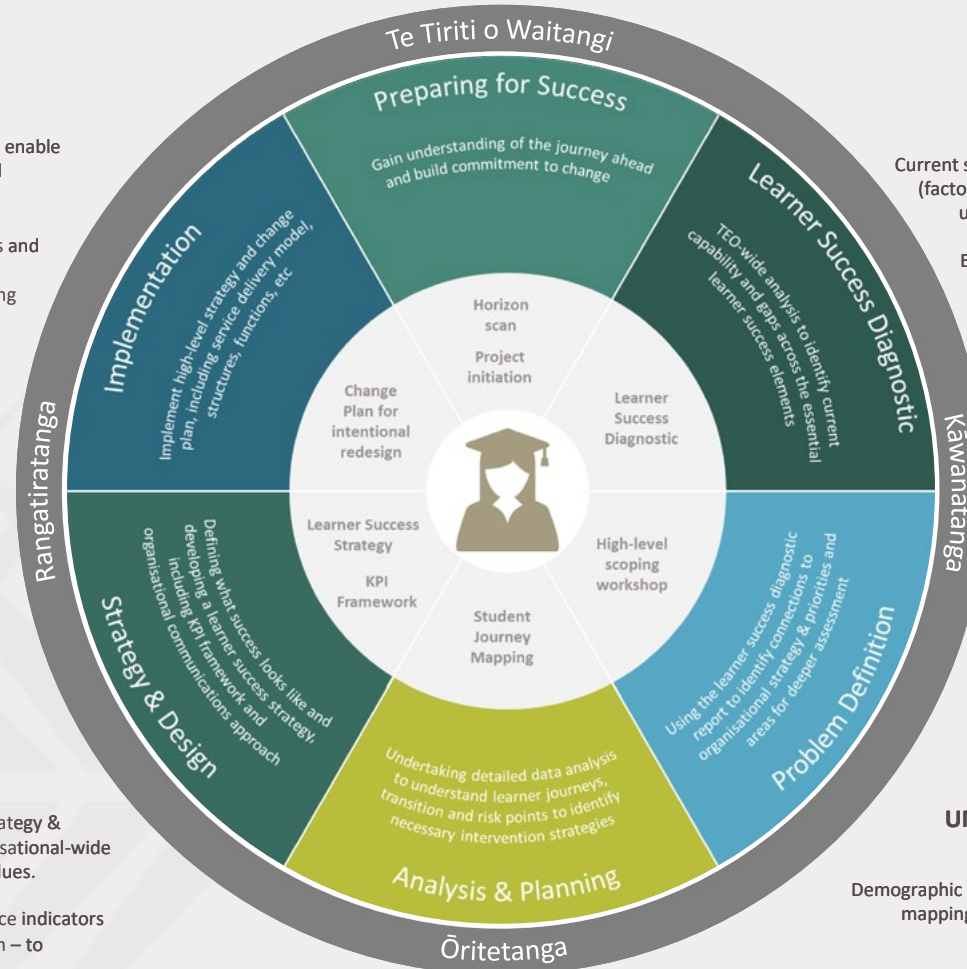
Understand what

Develop a cohesive Learner Success Strategy & develop a change plan to ensure organisational-wide input into learner success vision and values.

Establish a baseline for lead performance indicators & develop learner success strategy from – to

Understand when

Develop design & implementation roadmap



CREATING AWARENESS & DESIRE FOR CHANGE

Understand why

Current state – analysis of learner success maturity (factors that impact participation & completion) using whole of system capability diagnostic

Engage stakeholders and make the case for change by creating awareness of current maturity levels and the relationship to current performance and future direction and strategies

UNDERSTANDING LEARNER NEEDS

Understand who

Demographic data analysis using cohort student journey mapping, transition connection and progression & completion. Develop risk segment cohorts

Plot risk and attrition points. Assess effectiveness of current interventions and usage against risk segments (use of self-reflection documents and EER)

Develop end-to-end strategies & interventions aligned to attrition points: transition, connection progression & completion

Te Whakahoutanga o te Mātauranga Ahumahinga

Reform of Vocational Education

In 2019 the Government agreed to create a fundamentally new vocational education system, with a different set of institutional arrangements, new and different roles and relationships, and a unified funding system. The Reform of Vocational Education (RoVE) and its seven key changes, will create a strong, unified, sustainable vocational education system that is fit for the future of work and delivers the skills learners, employers and communities need to thrive.

The TEC is leading this work across multiple agencies, including MoE, NZQA and MBIE. More information about RoVE and the seven key changes of RoVE can be accessed at tec.govt.nz.

The New Zealand Institute of Skills and Technology (Te Pūkenga) is one of the seven key changes and is a new kind of organisation, providing work-based, on-campus and online vocational learning and training. Te Pūkenga brings together the existing 16 Institutes of Technology and Polytechnics (ITPs) into one organisation and over time, will develop the capability to support work-based, campus-based and online learning as a unified system.

From 2021 we will see the establishment of six Workforce Development Councils, the transition of 140,000 apprentices and trainees to new providers, the creation of a unified funding system, and the design and implementation of changes to how we and other government agencies support and enable the unified vocational education system to function.

Implementation of the structural changes of the reforms

Phase one of the reforms, which was about design and amalgamation, was successfully delivered.

Phase two of the RoVE programme is now under way. During this phase, the focus is on creating new entities and transitioning existing entities to their future states. New and existing functions and systems will be integrated across and within organisations and specifically the TEC, NZQA, MBIE and Te Pūkenga.

Unified funding system

As part of RoVE it was agreed to develop a unified funding system to apply to all provision at qualification levels 3 to 7 (excluding degree study) and all industry training.

A new funding system is an essential element of the reforms to deliver a high-quality, well-integrated and sustainable vocational education system. It will integrate provider-based and work-based learning, ensure learners can access more work-relevant and tailored support, and enable new models of education delivery that are more responsive to employer and industry demand.

The unified funding system is currently being designed based on three components:

- › **Funding Category Component** – to subsidise education delivery and support work-integrated learning. It will consider the subject of delivery and how it is delivered
- › **Learner Success Component** – to recognise different learner needs and encourage equity of access, achievement and outcomes
- › **Strategic Component** – to encourage innovation and increase sector responsiveness to national and regional skills priorities.

Agencies are undertaking related work to ensure that long-term settings for fees and employer contributions support the incentives that the unified funding system is looking to drive.

Our support of the RoVE programme

Our contribution to the programme over the last year has included:

- › completing the high-level design of the operating model for the Workforce Development Councils (WDCs)
- › working closely with Transitional Industry Training Organisations and Te Pūkenga on transition planning
- › engaging with a wide range of stakeholders to inform and test the detailed policy and high-level operational policy design of the unified funding system.

Our operational readiness

The RoVE aspirations and outcomes at the highest level offer us an opportunity to further enhance our operational capability.

We will need to make changes to our operations and processes in order to accommodate and support the new entities and systems created by RoVE.

The TEC has established an operational readiness project to develop and implement new processes and systems to support the RoVE programme. This will include a significant change management component that includes:

- › working with the Transitional Industry Training Organisations (TITOs), Te Pūkenga, other receiving providers and the WDCs to develop processes specific to their ongoing funding requirements. This work will require processes to continue evolving as different components of the overall system stand up over the next two years
- › developing new monitoring arrangements for Te Pūkenga and WDCs specific to the roles of these entities in the new system.



Ngā ara mahi aro ki Ngā Pūkenga, Ōritetanga hoki

Skills and equity-focused careers

Our skills and equity focused careers approach is the ongoing evolution of our Careers System Strategy. This approach is concentrated on lifelong learning and skill development from 7 to 70+ and creating culturally affirming programmes and services that reach all New Zealanders at their different life stages.

We will be working with employers and other careers stakeholders to ensure strong and effective processes and programmes are in place to support the transition from secondary to tertiary, education to employment, unemployment to retraining and on to further employment.

We plan to continue to evolve our careers approach into a national careers strategy. This will lay out the blueprint for a unified careers sector that works in tandem with the tertiary education system to deliver the skills and pathways that New Zealand and New Zealanders need, now and in the future.

Inspiring the Future

As part of the Careers System Strategy we are leading a programme of work for school children. 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 pathways they took to get there it inspires them to consider new possibilities for their futures.

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.

Online Career Planning Solution

Our Online Career Planning Solution will provide learners, job-seekers, workers, as well as career advisers and counsellors, with a free, consistent, accessible, high-quality tool to use throughout their lifetimes to plan and manage their careers. Powered by a data-driven occupations database and leveraging international best practice and research, the website will offer an integrated toolset that will support lifelong learning and help meet the needs of people of different ages, life stages, constraints and challenges.

In particular, the Online Careers Planning Solution will help New Zealanders understand:

- › their current skills and experience and how this relates to current demand (what can I do now?)
- › future demand and their career ambitions (what could I do in the future?)
- › what gaps they have in skills and experience and how they could address them through training and on-the-job experience (how do I get that job or career?).

By providing a personalised, targeted, culturally affirming and supportive career planning system, people in Aotearoa New Zealand can make more informed learning choices and build the skills required for a fulfilling career.

Wāhanga wha: Te whai kia pai ake i ngā tikanga mahi

Improving the way we work

The TEC continues to ensure that our organisational structures, systems, processes and practices support our people to perform at their best and enable effective decision-making and action at all levels of our organisation.

We are delivering a robust risk and assurance function

We have a risk management framework that provides for the regular identification, review and management of risk at a strategic and operational level.

This is achieved by:

- › providing accurate and timely management information on the key areas of risk exposure and the actions required to mitigate risk (including those responsible for delivering these actions)
- › ensuring a consistent and proportionate approach to the identification, assessment and control of risk
- › supporting the pursuit of opportunities through an appropriate balance of risk taking and risk management
- › fostering and encouraging a risk-aware culture where risk management is seen as a key enabler to organisational success.

Delivering great customer service

We are committed to providing great service to our customers, the individuals, tertiary education organisations, and the wide range of partners and stakeholders we work with.

The TEC Service Commitments reinforce the importance of customer service throughout our organisation, and set clear expectations for our staff and for our customers.

We have also invested in the technology our Customer Contact Group needs to provide great customer service. This will enable us to communicate with our customers more efficiently and effectively, including a self-serve option.

We are developing fit-for-purpose technology

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

The timing and approach to release the new platform have been reconsidered to ensure best fit in the changing environment, including the impact of COVID-19. We aim to maximise value by investing in the right things, at the right time, without unnecessary disruption to tertiary education organisations.

We are committed to growing our cultural capability

The cultural capability of TEC people is a key enabler of our purpose and vision. Our Māori Language Plan sets the activity programme for how we support te reo Māori being a widely spoken and living language within the TEC, and for encouraging multilingualism.

The activities include in-person and online te reo Māori courses, support for staff to do additional courses to deepen and further their tikanga and te reo Māori, and language learning support for staff to learn any language.


Ka hāngai ngā wehenga pūtea Pōti Mātauranga Matua ki ngā whāinga o te Rautaki Mātauranga Matua

Vote Tertiary Education appropriations align with the Tertiary Education Strategy objectives

The appropriations detailed in the following sections enable us to invest in tertiary education and support the tertiary education and careers systems.

An appropriation is a sum of money authorised by Parliament for a particular use.

Vote Tertiary Education appropriations	Tertiary Education Strategy objectives				
	Learners at the centre	Barrier-free access	Quality teaching and leadership	Future of learning and work	World class inclusive public education
TEC supports the tertiary education and careers systems through these operational appropriations					
Administration of and Support for the Tertiary Education and Careers Systems	✓	✓	✓	✓	✓
Careers System Online	✓			✓	
TEC invests in tertiary education and training through these grants funding appropriations					
Access to Tertiary Education		✓			
Centres of Research Excellence					✓
Tertiary Education Research and Research-Based Teaching			✓		✓
Tertiary Sector / Industry Collaboration Projects			✓	✓	✓
University-led Innovation			✓	✓	✓
Workforce Development Councils			✓	✓	✓
Tertiary Scholarships and Awards			✓		
Careers System Online	✓			✓	
Tertiary Tuition and Training MCA	✓	✓	✓	✓	✓

A photograph of a man with a beard and short hair, smiling broadly. He is wearing a high-visibility green and grey jacket. The background is slightly blurred, showing what appears to be an industrial or construction setting with a window. Another person in a similar high-visibility jacket is partially visible in the foreground on the right.

Ka tautoko tātou i ngā pūnaha
mātauranga matua me ngā pūnaha umanga
**We support the tertiary education
and careers systems**

Mā tā tātou nopenope ā-mahi
e āhei ai tātou te tautoko i ngā
pūnaha mātauranga matua me
ngā pūnaha umanga

Our operational appropriations enable us to support the tertiary education and careers systems

We lead the Government's relationship with the tertiary education sector and provide careers information for all New Zealanders.

We contribute to, but do not control, the sector output measures we report on

The COVID-19 pandemic (considered a 'once in a century' public health shock) has caused major disruption to life and economic activity around the world, drastically altering the economic outlook here and abroad. Many countries, including New Zealand, are experiencing a large economic downturn as a result. The final impact of COVID-19 and related response measures on the New Zealand economy remain uncertain. In New Zealand, COVID-19 is expected to have a generally depressive effect on the labour market, although some sectors could see increased pressure from a stable labour demand, coupled with a labour supply shortage because of skill mismatching issues.

While the overall demand for tertiary education over recent times was tracking in a soft downward trend, COVID-19 is lifting tertiary and vocational education participation due to unemployment increases. However, during the 2008 global financial crisis, Māori were hit hardest and the economic impacts of COVID-19 are expected to be similar – amplifying higher unemployment and existing inequities in tertiary education. The current Government initiatives are expected to address this by offering a range of training options to ensure Māori and Pacific people have educational options that will enable them to upskill and retrain. While we don't know the full impact of these initiatives, it is likely we will see some increases in participation. The impact of COVID-19 on international students is expected to have a negative impact across the sector.

The results from COVID-19 are already being seen from a number of our estimated actual results at December 2020. We have adjusted our targets for 2021 to reflect the current environment.



Te taha Whakahaeretanga
ā-Tari, te Tautoko hoki mō Ngā
Pūnaha Mātauranga Matua me
Ngā Pūnaha Umanga

Administration of and Support for the Tertiary Education and Careers Systems










This appropriation is limited to giving effect to the Tertiary Education Strategy by effectively investing in, monitoring, informing and influencing the tertiary education and careers systems, managing the Crown's ownership interest in tertiary education institutions, and providing advice and support to Ministers.

This appropriation is intended to ensure New Zealand has effective and well-managed tertiary education and careers systems.

	Forecast 2020/21 \$000	Budget 2021/22 \$000
Administration of and Support for the Tertiary Education and Careers systems		
REVENUE		
Crown revenue		
Tertiary Education Commission	81,924	77,230
Māori Education Trust (Ministry of Education-administered)	109	109
Contract – Pre-purchased English Language Tuition	567	442
Contract – Migrant Futures	1,613	-
Interest	291	180
Other revenue	1,369	1,248
Total revenue	85,873	79,209
EXPENSES		
Tertiary Education Commission	87,441	83,135
Māori Education Trust (Ministry of Education-administered)	109	109
Total expenses	87,550	83,244
Surplus/(deficit)	(1,677)	(4,035)

How we will assess performance

R TEC is responsible for the result of these measures

Measure	2021/22 Target	2020/21 Estimated Actual	2019/20 Actual	Desired trend
Percentage of TEC-funded tertiary education organisations who agree that auditing processes were made transparent and information was accessible throughout the process	At least 82%	Data not available (Note 1)	Not able to be measured (Note 2)	
Percentage of tertiary education institutes' council members and support staff attending our governance seminars who agree that they gained relevant knowledge to apply to their work	At least 94%	At least 94%	94%	
Percentage of tertiary education organisations who agree that our investment toolkit and plan guidance were very useful to prepare their investment plans	At least: Toolkit 34% Plan guidance 36%	Data not available (Note 1)	Not able to be measured (Note 2)	
Percentage of careers system stakeholders who agree that our online information and tools are useful	At least 77%	Data not available (Note 1)	77%	
Percentage of TEC-funded tertiary education organisations who agree that TEC information and engagement helps them to support Māori and Pacific students to succeed	At least 29%	Data not available (Note 1)	Not able to be measured (Note 2)	
Percentage of tertiary education organisations who agree that engagement (face-to-face, phone and email) with TEC was useful	Baseline year	Not Applicable	Not Applicable	
Percentage of payments the TEC makes to tertiary education organisations that are made within agreed timeframes	At least 99.50%	99.89%	99.87%	
The satisfaction rating given by the Minister of Education on the TEC's monitoring advice related to Te Pūkenga and tertiary education institutes	At least 7 out of 10	Not Applicable	Not Applicable	
The overall satisfaction rating given by the Minister of Education on the Tertiary Education Commission (Note 3)	At least 7 out of 10	TBC	8	

Note 1 – We are unable to report 2019/20 estimated actual percentages as estimated results data is not available. Progress is measured through annual customer surveys held between April and June each year. No data was collected during the year.

Note 2 – The 2019/20 customer survey (Partner and Provider Survey) was not held owing to the impact of COVID-19 on proposed survey respondents, which include tertiary education organisations and other government agencies. We were particularly concerned about the impact of COVID-19 on tertiary education organisations and considered it inappropriate to survey them at a time when they would have so much else to deal with. Our customers' views are a valued part of our performance reporting. We restarted our survey preparation late in 2020 with the 2021 survey held in the first half of 2021. This will ensure that we continue to track our performance and be aware of, and respond to, our customers' views.

Note 3 – The survey rating measures Ministers' satisfaction with the quality of advice on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied. The survey result will be available by Q1 2021/22 and published in TEC's Annual Report for 2021.

Te Pūnaha ā-Tuihono mō Ngā Umanga

Careers System Online

This appropriation is limited to the development and delivery of an online careers planning tool by the Tertiary Education Commission.

This appropriation is intended to support New Zealanders to have a personalised lifelong career plan, to help them easily understand and navigate career options and learning pathways throughout their lives.

How we will assess performance

(R) TEC is responsible for the result of this measure

Measure	2021/22 Target	2020/21 Estimated Actual	2019/20 Actual
A suite of integrated web-based tools and datasets is developed and delivered as scheduled in the Careers System Online Initiative Product Roadmap (Note 1)	Achieved	Not Applicable	Not Applicable

Note 1 – The Product Roadmap sets out the tools and datasets that will be developed and delivered over future years. These tools include the job-to-job tool for workers, which will enable them to see other jobs that their skills are transferable to. Delivery of this tool was prioritised as part of our response to the pandemic. The online planning tool for secondary school learners, their influencers and schools will be the second deliverable of the wider Careers System Online Initiative and is scheduled to be delivered by the middle of 2022.

Careers System Online	Forecast 2020/21 \$000	Budget 2021/22 \$000
REVENUE		
Crown revenue	8,500	6,500
Total revenue	8,500	6,500
Total expenses	8,500	6,500
Surplus/(deficit)	-	-

Pūnaha Raraunga
Mātauranga Ahumahinga

**Vocational Education
Data System**

This appropriation is limited to providing capital to the Tertiary Education Commission for the development and delivery of an information technology system to support the implementation of a unified funding system for the vocational education system.

This appropriation is intended to enable the development of a robust information technology system to support the delivery of vocational education.

How we will assess performance

(R) TEC is responsible for the result of this measure

Measure	2021/22 Target	2020/21 Estimated Actual	2019/20 Actual
The development of information technology capability to support the implementation of the unified funding system for vocational education is underway (Notes 1)	Achieved	Not Applicable	Not Applicable

Note 1 – The Tertiary Education Commission is scheduled to deliver an information technology system to support implementation of the unified funding system for vocational education from 2023. The measure will be reviewed for 2022/23 to reflect specific timeframes for delivery.

Vocational Education Data System	Forecast 2020/21 \$000	Budget 2021/22 \$000
REVENUE		
Crown revenue	-	7,300
Total revenue	-	7,300
Total expenses	-	7,300
Surplus/(deficit)	-	-





**Ka tuku haumi tātou ki
te mātauranga matua**
We invest in tertiary education

Ka tuku putea matou pūnaha
mātauranga, whakangungu
reanga tuatoru

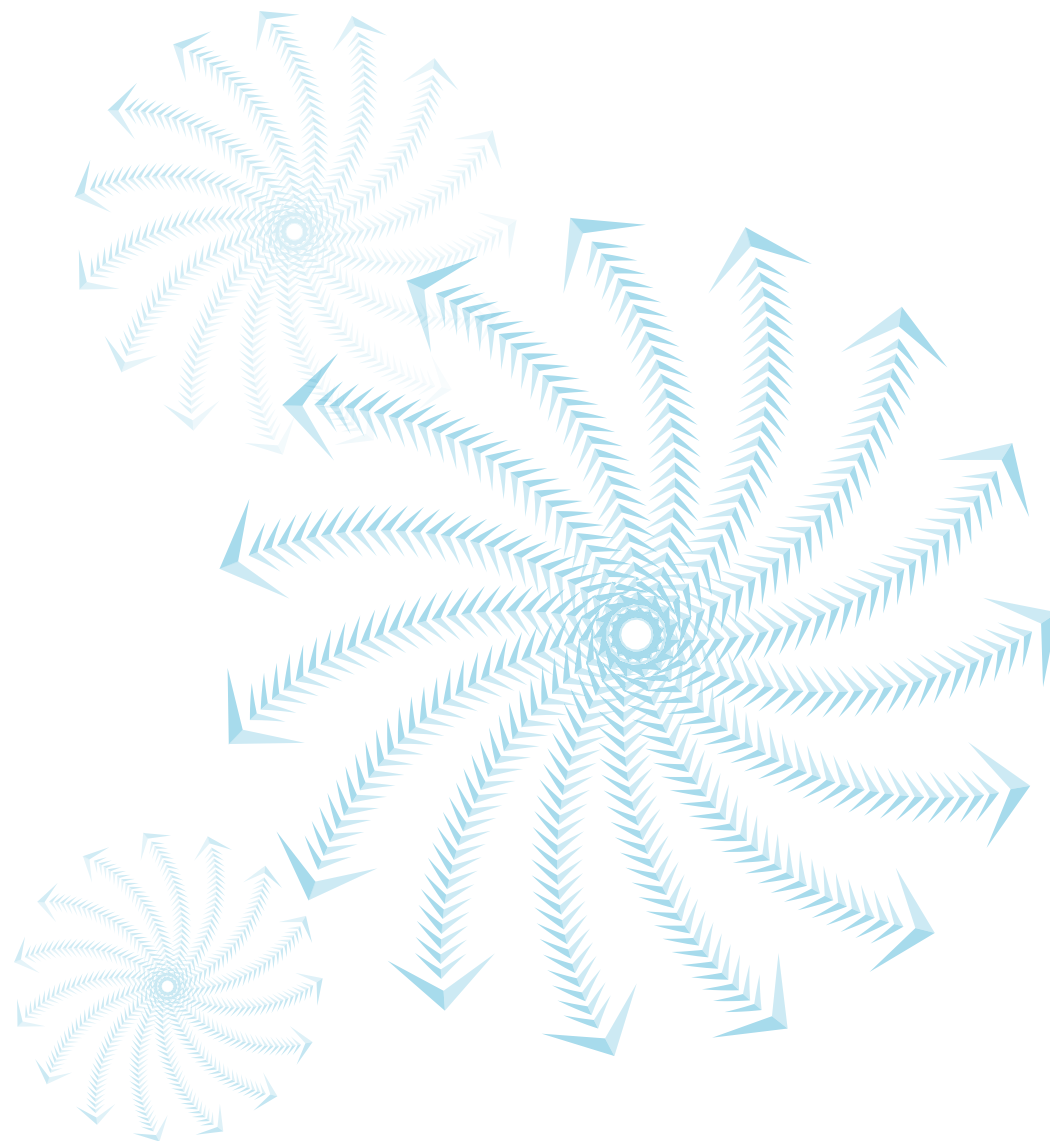
We invest in all forms of post-secondary school education and training

We invest in tertiary education so that New Zealanders are equipped with the knowledge and skills needed for lifelong success. We invest in all forms of post-secondary school education and training. This includes foundation education, adult and community education, and research. We also fund some programmes that link schools with tertiary education.

The following sections show the amount we will spend through each appropriation in 2021/22 and the measures we will use to track progress towards achieving the intention of each appropriation.

Achievement of the desired trend shifts we are working towards is also influenced by the work of other government agencies and the state of the economy and labour market.

Financial year forecasts, targets and results are shown as 2019/20 2020/21 and 2021/22. Calendar year forecasts, targets and results are shown as 2019, 2020 and 2021.



Te whaiuru ki te Mātauranga Matua

Access to Tertiary Education

This appropriation is limited to improving access to tertiary education and training.


This appropriation is intended to improve access to tertiary education and training for Tertiary Education Strategy priority learners.

	Forecast 2020/21 \$000	Budget 2021/22 \$000
Access to Tertiary Education		
REVENUE		
Crown revenue		
Equity Loading	17,777	28,510
Section 556 Grants for SIT - Telford	1,255	-
Group Training Schemes	16,292	-
Student Hardship Fund	4,197	5,803
Māori and Pacific Trades Training (Top-ups)	5,341	10,102
Total revenue	44,862	44,415
EXPENSES		
Equity Loading	17,777	28,510
Section 321 Grants for SIT - Telford	1,255	-
Group Training Schemes	16,292	-
Student Hardship Fund	4,197	5,803
Māori and Pacific Trades Training (Top-ups)	5,341	10,102
Total expenses	44,862	44,415
Surplus/(deficit)	-	-

How we will assess performance

C TEC contributes to the result of this measure

Māori and Pacific Trades Training

Measure	2021 Target	2020 Estimated Actual	2019 Actual	Desired trend
Percentage of learners per calendar year progressing from Māori and Pacific Trades Training to apprenticeships and managed apprenticeships, other industry training at level 3 and above or further study at New Zealand Qualifications Framework level 4 and above	At least 34%	34%	37%	

Ngā Pokapū Rangahau Ikeike Centres of Research Excellence

This appropriation is limited to the purchase of cooperative and collaborative tertiary research in areas of research strength in the tertiary education sector through the contestable Centres of Research Excellence Fund.

This appropriation is intended to achieve delivery of high quality research by purchasing cooperative and collaborative research in areas of research strength in the tertiary education sector, with a focus on Tertiary Education Strategy priorities.

How we will assess performance

Ⓒ TEC contributes to the result of these measures

Centres of Research Excellence

Measure	2021 Target	2020 Estimated Actual	2019 Actual
All Centres of Research Excellence show progress towards achieving the impacts stated in their Impact Statements (Note 1)	Achieved	Not Applicable	Not Applicable
Total number of doctoral students completing qualification during the current funding period (Note 2)	Baseline year (Note 3)	Not Applicable	Not Applicable

Note 1 – Progress against impact statements is reported by each Centre of Research Excellence (CoRE) in their annual report. Annual reports are assessed against the milestones and key performance indicators set in research plans and the quantitative measures included in the CoREs Performance Measurement Framework.

Note 2 – The current funding round runs from 1 July 2021 to 31 December 2028.

Note 3 – The start date of the new CoREs funding round was impacted by COVID-19 and delayed to 1 July 2021. The 2021 baseline figure represents 6 months of student completions.

Centres of Research Excellence	Forecast 2020/21 \$000	Budget 2021/22 \$000
REVENUE		
Crown revenue	49,800	49,800
Total revenue	49,800	49,800
Total expenses	49,800	49,800
Surplus/(deficit)	-	-

Te Rangahau Mātauranga Matua me te Whakaako ā-Rangahau Tertiary Education Research and Research-Based Teaching

This appropriation is limited to funding research and research-based teaching on the basis of measured research quality in tertiary education organisations and supporting wānanga research capability.

This appropriation is intended to achieve an increase in, or maintain the quality of, research and research-based teaching and learning and to improve investment in research within the tertiary sector.

How we will assess performance

Ⓒ TEC contributes to the result of these measures

Performance-Based Research Fund

Measure	2021 Target	2020 Estimated Actual	2019 Actual
Research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions (Note 1))	Previous year actual ±5%	Previous year actual ±5%	4,042
Percentage increase in amount of external income for PBRF-eligible providers (Note 2)	3-5%	3-5%	2.95%

Note 1 – The postgraduate research degree completions is a measurement of the number of PBRF-eligible postgraduate research-based degrees completed in participating tertiary education organisations, assessed on an annual basis.

Note 2 – The External Research Income is a measurement of the amount of income for research purposes received by participating tertiary education organisations from external sources, assessed on an annual basis.

	Forecast 2020/21 \$000	Budget 2021/22 \$000
Tertiary Education Research and Research-Based Teaching		
REVENUE		
Crown revenue		
Wānanga Research Capability Fund	6,000	6,000
Performance-Based Research Fund	315,000	315,000
- Quality Evaluation element	173,250	173,250
- Research Degree Completions element	78,750	78,750
- External Research Income element	63,000	63,000
Total revenue	321,000	321,000
EXPENSES		
Wānanga Research Capability Fund	6,000	6,000
Performance-Based Research Fund	315,000	315,000
- Quality Evaluation element	173,250	173,250
- Research Degree Completions element	78,750	78,750
- External Research Income element	63,000	63,000
Total expenses	321,000	321,000
Surplus/(deficit)	-	-

Ngā Kaupapa Mahitahi ki te Rāngai Mātauranga Matua, Ahumahi hoki

Tertiary Sector / Industry Collaboration Projects

This appropriation is limited to funding activities that improve the relevance to industry of tertiary education provision.

This appropriation is intended to support the development of knowledge and skills that are required by learners and employers, with a focus on Tertiary Education Strategy priorities.

Tertiary Sector / Industry Collaboration Projects	Forecast 2020/21 \$000	Budget 2021/22 \$000
REVENUE		
Crown revenue		
National Centre for Tertiary Teaching Excellence	3,556	3,556
Adult and Community Education (ACE) in Communities (Development & Delivery)	500	1,000
Information and Communications Technology Graduate Schools (Development and Delivery)	750	1,500
Qualification Development Fund	606	1,000
Māori and Pacific Trades Training (Brokerage)	901	3,034
Māori and Pacific Trades Training (Consortium)	2,873	5,961
Workforce Development Councils / Transitional Industry Training Organisations COVID-19 Response Projects Fund	8,000	3,000
Workforce Development Council Establishment Fund	4,200	6,000
Centres of Vocational Excellence	5,000	5,000
Centres for Asia-Pacific Excellence	10,000	10,000
Early Childhood Education (ECE) Qualification Translation	112	-
Quality Teaching Agenda	2,520	2,384
Total revenue	39,018	42,435

Tertiary Sector / Industry Collaboration Projects	Forecast 2020/21 \$000	Budget 2021/22 \$000
EXPENSES		
National Centre for Tertiary Teaching Excellence	3,556	3,556
Adult and Community Education (ACE) in Communities (Development and Delivery)	500	1,000
Information and Communications Technology Graduate Schools (Development and Delivery)	750	1,500
Qualification Development Fund	606	1,000
Māori and Pacific Trades Training (Brokerage)	901	3,034
Māori and Pacific Trades Training (Consortium)	2,873	5,961
Workforce Development Councils / Transitional Industry Training Organisations COVID-19 Response Projects Fund	8,000	3,000
Workforce Development Council Establishment Fund	4,200	6,000
Centres of Vocational Excellence	5,000	5,000
Centres for Asia-Pacific Excellence	10,000	10,000
Early Childhood Education (ECE) Qualification Translation	112	-
Quality Teaching Agenda	2,520	2,384
Total expenses	39,018	42,435
Surplus/(deficit)	-	-

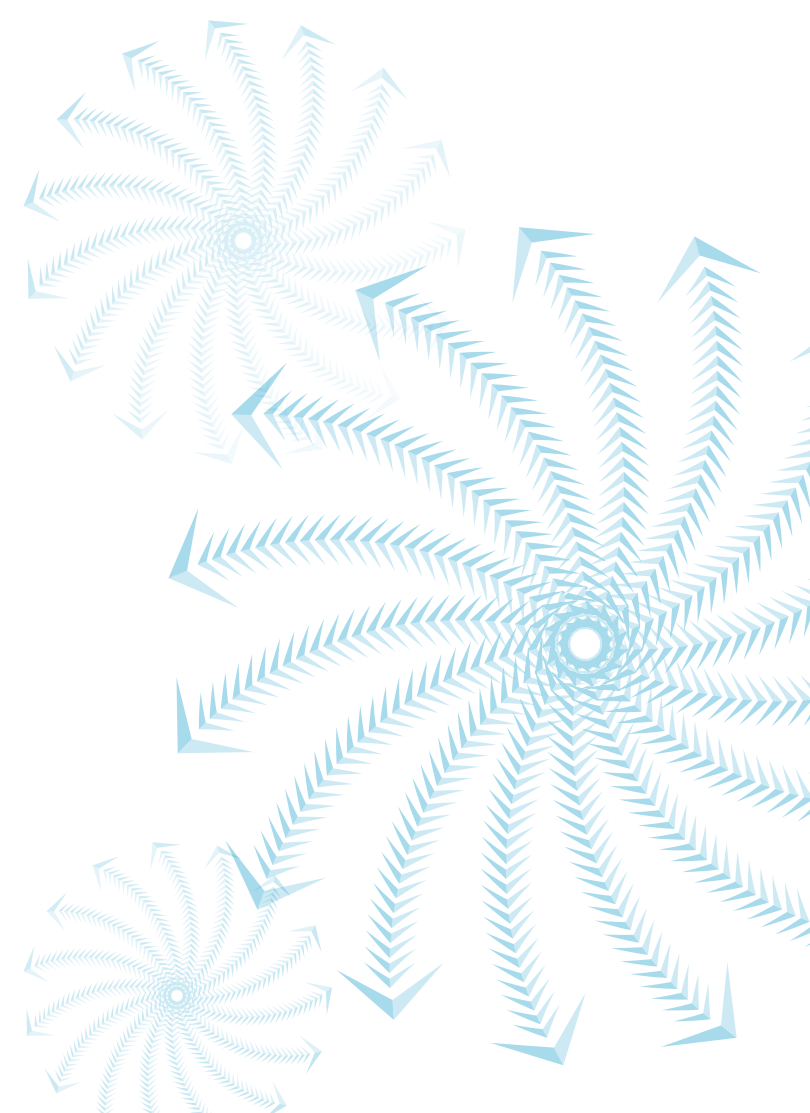
How we will assess performance

C TEC contributes to the result of these measures

Centres of Asia and Pacific Excellence

Measure	2021 Target	2020 Estimated Actual	2019 Actual
All Centres of Asia-Pacific Excellence show progress towards achieving delivery of their specific long-term outcomes as stated in their Outcomes Statements (Note 1)	Achieved	Not Applicable	Not Applicable
Total number of activities that supported business to develop skills or capability to enhance their effectiveness as participants in the Asia-Pacific market	Baseline year	Not Applicable	Not Applicable

Note 1 – Progress against long-term outcomes is reported by each Centre of Asia-Pacific Excellence (CAPE) in their annual report. Annual reports are assessed against the milestones and key performance indicators set in annual plans and the CAPEs Performance Measurement Framework.



He Auahatanga ka arahina e ngā Whare Wānanga

University-led Innovation

This appropriation is limited to supporting universities to attract entrepreneurial academics to drive collaboration between universities and established and emerging businesses.

This appropriation is intended to help New Zealand universities to recruit world-leading entrepreneurial academics, with a track record of working with industry to turn research into commercial innovation, with a focus on Tertiary Education Strategy priorities.

	Forecast 2020/21 \$000	Budget 2021/22 \$000
University-led Innovation		
REVENUE		
Crown revenue	9,199	9,350
Total revenue	9,199	9,350
Total expenses	9,199	9,350
Surplus/(deficit)	-	-

How we will assess performance

(R) TEC is responsible for the result of this measure

Entrepreneurial Universities

Measure	2021 Target	2020 Estimated Actual	2019 Actual
Entrepreneurial Universities' annual reports are reviewed and appropriate action is taken (Note 1)	Achieved	Achieved	Achieved

Note 1 – Annual reports are reviewed against milestones and key performance indicators set in their Programme Maps and Annual Approach to Activity. Review looks at progress on delivery towards policy objectives and long-term outcomes.

Ngā Kaunihera Ohu
Mahi Whakawhanake

Workforce Development Councils

This appropriation is limited to expenses incurred in funding Workforce Development Councils to set up their organisations and deliver their statutory functions.

This appropriation is intended to enable Workforce Development Councils to provide a clear industry and workplace voice to the vocational education and training system.

	Forecast 2020/21 \$000	Budget 2021/22 \$000
Workforce Development Councils		
REVENUE		
Crown revenue	-	48,000
Total revenue	-	48,000
Total expenses	-	48,000
Surplus/(deficit)	-	-

How we will assess performance

(R) TEC is responsible for the results of these measures

Measure	2021/22 Target	2020/21 Estimated Actual	2019/20 Actual
All Workforce Development Councils have approved and funded Operational Plans in place by 30 June 2022 (Note 1)	Achieved	Not Applicable	Not Applicable

Note 1 – Approved Operational Plans will set out how each Workforce Development Council plans to undertake key functions, industry engagement and strategic planning.

He Karahipi, he
Whakawhiwhinga hoki mō te
Taumata Mātauranga Matua

Tertiary Scholarships and Awards

This appropriation is limited to providing scholarships for tertiary students and other awards in the tertiary sector, and the provision of scholarships and bursaries to Māori and Pacific students. It includes training assistance under Queen Elizabeth II Study Awards and recognition of outstanding tertiary education teachers.

This appropriation is intended to provide a stipend for domestic sixth-year medical trainee interns and other scholarships.

We are only responsible for two components of this appropriation. The Ministry of Education is responsible for the other components. We are responsible for:

- › Trainee Medical Intern Grant
- › Tertiary Teaching Awards.

	Forecast 2020/21 \$000	Budget 2021/22 \$000
Tertiary Scholarships and Awards		
REVENUE		
Crown revenue		
Trainee Medical Intern Grant	14,604	14,604
Tertiary Teaching Awards	200	200
Ministry of Education-administered awards	5,064	5,064
Total revenue	19,868	19,868
EXPENSES		
Trainee Medical Intern Grant	14,604	14,604
Tertiary Teaching Awards	200	200
Ministry of Education-administered awards	5,064	5,064
Total expenses	19,868	19,868
Surplus/(deficit)	-	-

An exemption was granted under section 15D(2)(b)(ii) of the Public Finance Act 1989, as additional performance information is unlikely to be informative because this appropriation is solely for payments of Tertiary Scholarships and Awards under the Education Act 1989.

Mai i te Kura Tuarua ki te Taumata Mātauranga Matua

Secondary-Tertiary Interface

The Ministry of Education provides funding to us from this Vote Education appropriation to fund Trades Academies in the tertiary setting. The Ministry of Education is responsible for reporting the performance of this appropriation.

	Forecast 2020/21 \$000	Budget 2021/22 \$000
Secondary-Tertiary Interface		
REVENUE		
Crown revenue	15,723	30,564
Total revenue	15,723	30,564
Total expenses	15,723	30,564
Surplus/(deficit)	-	-

In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. This caused an additional \$14 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21. The 2021/22 budget is not affected by this, however, the 2020/21 forecast figures are \$14 million lower.





F
Fulton
Hogan

STMS

He Akoako, he Whakangungu hoki i te Taumata Mātauranga Matua

Tertiary Tuition and Training

The overarching purpose of this appropriation is to fund tertiary tuition and training that leads to improvements in New Zealanders' skill levels.

The overarching intention is to contribute to improved lifetime outcomes of New Zealanders through the provision of skills from tertiary education, training, foundation learning programmes and community education, with a focus on Tertiary Education Strategy priorities.


Tertiary Tuition and Training is a multi-category appropriation (MCA) with four categories:

- › Community Education
- › Tertiary Education: Student Achievement Component
- › Training for Designated Groups
- › Fees-free Payments.


	Forecast 2020/21 \$000	Budget 2021/22 \$000
Tertiary Tuition and Training (MCA)		
REVENUE		
Crown revenue		
Community Education	51,183	85,497
Tertiary Education: Student Achievement Component	1,423,178	2,376,032
Training for Designated Groups	157,029	306,243
Fees-free Payments	397,224	541,344
Total revenue	2,028,614	3,309,116
EXPENSES		
Community Education	47,636	85,497
Tertiary Education: Student Achievement Component	1,503,465	2,376,032
Training for Designated Groups	159,069	306,243
Fees-free Payments	397,224	541,344
Total expenses	2,107,394	3,309,116
Surplus/(deficit)	(78,780)	-

In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. This caused an additional \$1,089 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21. The 2021/22 budget is not affected by this, however, the 2020/21 forecast figures are \$1,089 million lower.

How we will assess performance

 TEC contributes to the result of this measure

Overall measure

Measure	2021 Target	2020 Estimated Actual	2019 Actual	Desired trend
Percentage of Student Achievement Component and Youth Guarantee learners who complete 75% of their courses	At least 81.3%	81.3%	74.6%	

Mātauranga ā-Hapori Community Education

This category is limited to funding for adult and community education and literacy, numeracy and English language provision.

This category is intended to achieve improvement in literacy and numeracy skills for learners who have low skills in these areas by funding foundational learning programmes.

	Forecast 2020/21 \$000	Budget 2021/22 \$000
Community Education		
REVENUE		
Crown revenue		
Adult and Community Education	10,200	27,515
Literacy and Numeracy Provision	32,289	38,941
English for Speakers of Other Languages	7,911	17,437
Emergency Management Pool	783	1,604
Total revenue	51,183	85,497
EXPENSES		
Adult and Community Education	6,319	27,515
Literacy and Numeracy Provision	32,623	38,941
English for Speakers of Other Languages	7,911	17,437
Emergency Management Pool	783	1,604
Total expenses	47,636	85,497
Surplus/(deficit)	3,547	-

In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. This caused an additional \$36 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21. The 2021/22 budget is not affected by this, however, the 2020/21 forecast figures are \$36 million lower.

How we will assess performance

C TEC contributes to the result of these measures

Literacy and numeracy

Percentage of learners accessing at least the minimum desired range (hours) of provision (Note 1)

Type	2021 Target	2020 Estimated Actual	2019 Actual	Desired trend
Intensive literacy and numeracy	At least 53%	53%	62.89%	
Workplace Literacy and Numeracy (tertiary education organisation-led)	At least 63%	63%	73.37%	
English for Speakers of Other languages	At least 93%	93%	95.78%	

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

Adult and Community Education

Measure	2021 Target	2020 Estimated Actual	2019 Actual	Desired trend
Number of Adult Community Education learner hours	At least 873,338	873,338 (Note 1)	1,325,557	

Note 1 – 2020 learner hours were impacted by the COVID-19 pandemic. We are wanting to see an increase on pre-COVID-19 learner numbers.



Mātauranga Matua: Wāhanga
Whakatutukitanga Ākonga

Tertiary Education: Student Achievement Component

This category is limited to funding for teaching and learning services for enrolled students in approved courses at tertiary education organisations to achieve recognised tertiary qualifications.

This category is intended to achieve learners' attainment of recognised tertiary qualifications by funding education and training opportunities.

	Forecast 2020/21 \$000	Budget 2021/22 \$000
Tertiary Education: Student Achievement Component		
REVENUE		
Crown revenue		
Provision at levels 1 and 2	66,036	90,999
Provision at levels 3 and above	1,352,502	2,282,594
- Universities	778,620	1,343,136
- Institutes of Technology and Polytechnics	332,782	562,866
- Wānanga	99,217	150,627
- Private Training Establishments	141,883	225,965
Information and Communications Technology Graduate Programmes	2,318	85
Section 556 Grants for School of Dance and School of Drama	2,322	2,354
Total revenue	1,423,178	2,376,032
EXPENSES		
Provision at levels 1 and 2	66,036	90,999
Provision at levels 3 and above	1,432,789	2,282,594
- Universities	824,840	1,343,136
- Institutes of Technology and Polytechnics	352,537	562,866
- Wānanga	105,107	150,627
- Private Training Establishments	150,305	225,965
Information and Communications Technology Graduate Programmes	2,318	85
Section 556 Grants for School of Dance and School of Drama	2,322	2,354
Total expenses	1,503,465	2,376,032
Surplus/(deficit)	(80,287)	-

In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. This caused an additional \$825 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21. The 2021/22 budget is not affected by this, however, the 2020/21 forecast figures are \$825 million lower.



How we will assess performance





Ⓒ TEC contributes to the result of these measures

Qualification completion rate is the proportion of students in a starting cohort who go on to complete a qualification at the same level at the same tertiary education organisation.

Course completion is the proportion of course enrolments ending in a given year that have been successfully completed.

All learners

Measure	Level	2021 Target	2020 Estimated Actual	2019 Actual	Desired trend
Qualification completion					
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	At least 56.6%	56.6%	58.4%	
	Level 7 degree and above	At least 61%	61.0%	61.0%	

Measure	Level	2021 TEO commitments	2020 Estimated Actual	2019 Actual	Desired trend
Course completion					
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Level 1-10	83.2%	81.6%	83.1%	
Progression					
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		45.3%	36.4%	37.7%	
Retention					
First year retention rates for qualification at:	Levels 4-7 non-degree	59.2%	60.1%	57.7%	
	Level 7 degree and above	82.9%	77.4%	77.4%	



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**NGĀ ĀKONGA MĀORI, NGĀ ĀKONGA
MOANA NUI Ā KIWA HOKI
MĀORI AND PACIFIC LEARNERS**

We want to see participation and completion patterns for Māori and Pacific learners that are on a par with other learners in the tertiary system.

.....

While we have made some gains in participation and achievement for Māori and Pacific learners, we've still got a long way to go to ensure the tertiary education system delivers equitable outcomes for all learners. We need a system-level shift in performance to close these gaps. We need to change our focus from individual small-scale interventions to a comprehensive holistic reform of the system.

.....

Our performance measures track the shifts in participation and completion patterns of Māori and Pacific learners relative to non-Māori and non-Pacific learners. We want the equity gap to be zero.

Ko te haumi ki te angitu o te ākonga **Investing in learner success**

As part of our commitment to creating a tertiary education system that works for everyone, we are embedding learner success in our investment approach. The work includes requiring tertiary education organisations to submit a learner success plan as part of their Investment Plans. We expect tertiary education organisations to be able to evidence a realistic plan and approach to how they intend to improve outcomes for their learners. Specifically, we want to see evidence of a whole-of-organisation commitment at governance, management and leadership levels to delivering greatly enhanced outcomes for Māori and Pacific learners.

Ko te whakatau kawatau mahi mahuki **Setting clear performance expectations**

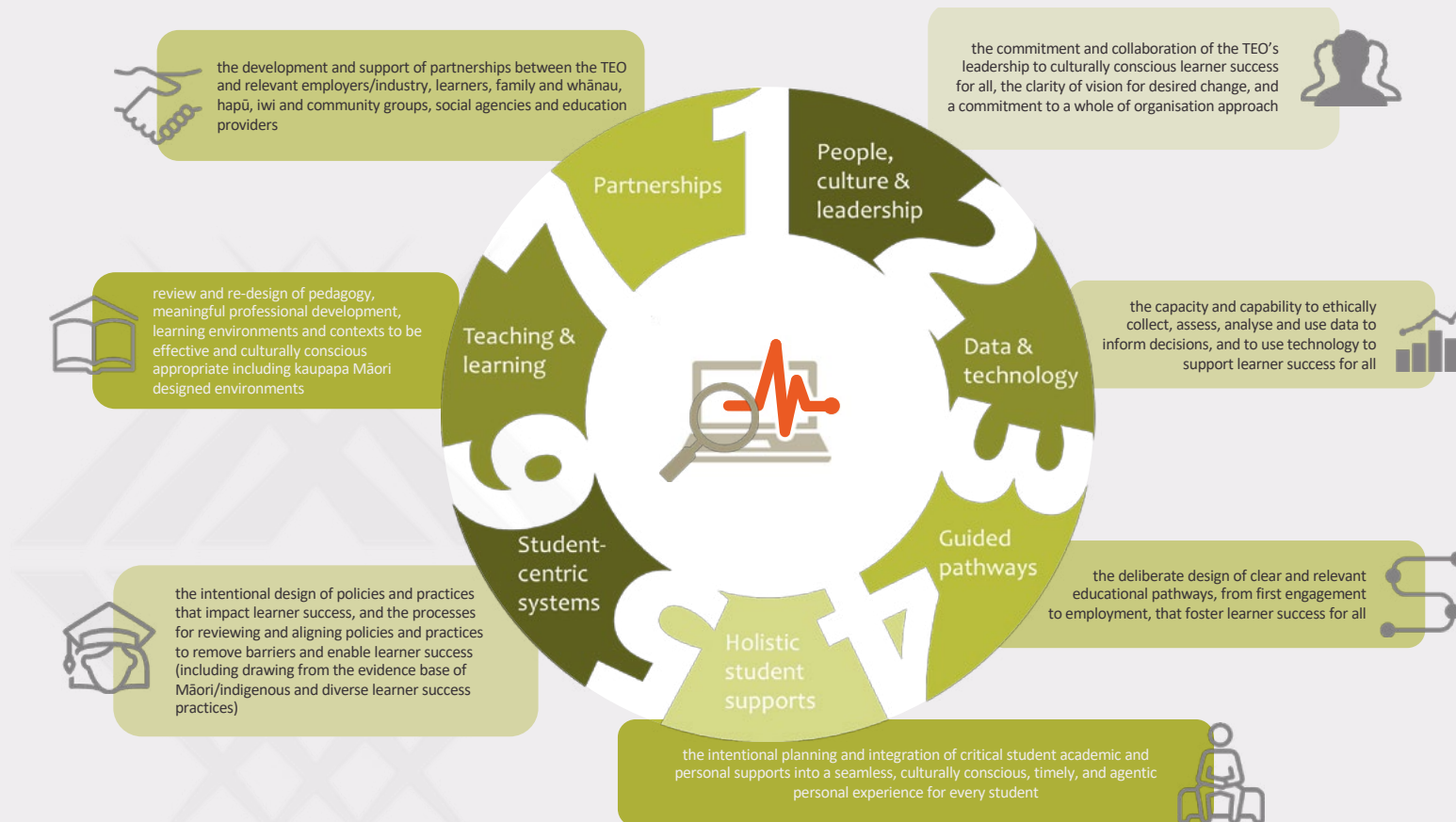
Moving the dial on educational performance is key to achieving equity. To do this, we are taking a new approach to setting educational performance targets. We have developed minimum performance improvement targets that will enable individual tertiary education organisations to achieve equity for Māori and Pacific learners. Specifically, we have developed yearly, incremental equity targets for each tertiary education organisation's educational performance indicators for Māori, Pacific and non-Māori, non-Pacific learners that will see every tertiary education organisation achieve parity within ten years.

Te whakatipu i tō Te Amorangi Mātauranga Matua āheinga

Building Tertiary Education Organisations' capability

In addition, we are developing and trialling a diagnostic tool for tertiary education organisations to use to assess their own capability against key elements for learner success. The tool supports tertiary education organisations to identify how they can

develop their capability in the areas most likely to improve the participation and achievement of all learners. These are the key elements we need to get right to enable learners to succeed.




How we will assess performance




Ⓒ TEC contributes to the result of these measures

Qualification completion rate is the proportion of students in a starting cohort who go on to complete a qualification at the same level at the same tertiary education organisation.

Course completion is the proportion of course enrolments ending in a given year that have been successfully completed.

Māori learners (relative to non-Māori and non-Pacific learners)

Measure	Level	2021 Target Parity gap	Group	2020 Estimated Actual		2019 Actual		Desired trend (parity gap)
					Parity gap		Parity gap	
Qualification completion								
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	Maintain no parity gap	Māori	60.3%	3.7 percentage points	60.3%	2.4 percentage points	
			Non-Māori and non-Pacific	56.6%		57.9%		
	Level 7 degree and above	No more than -15.2% points	Māori	49.1%	-15.2 percentage points	48%	-15.5 percentage points	(Note 1)
			Non-Māori and non-Pacific	64.3%		63.5%		

Measure	Level	Group	2021 Target		2020 Estimated Actual		2019 Actual		Desired trend (parity gap)
			TEO commitments	Parity gap		Parity gap		Parity gap	
Course completion									
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Levels 1-10	Māori	79.3%	-6.3 percentage points	71.0%	-14.8 percentage points	75.4%	-11.4 percentage points	
		Non-Māori and non-Pacific	85.6%		85.8%		86.8%		
Progression									
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		Māori	45.6%	0.9 percentage points	34.6%	-0.5 percentage points	35.8%	1.1% points	(Note 1)
		Non-Māori and non-Pacific	44.7%		35.1%		34.7%		
Retention									
First year retention rates for qualification at:	Levels 4-7 non-degree	Māori	58.7%	-1.4 percentage points	30.2%	-1.9 percentage points	52.2%	-7.1 percentage points	
		Non-Māori and non-Pacific	60.1%		32.1%		59.3%		
	Level 7 degree and above	Māori	72.1%	-10.8 percentage points	69.2%	-10.1 percentage points	67.6%	-11.1 percentage points	
		Non-Māori and non-Pacific	82.9%		79.3%		78.7%		

Note 1 – Maintained no parity gap (the percentage point difference is zero or positive).

How we will assess performance

C TEC contributes to the result of these measures

Qualification completion rate is the proportion of students in a starting cohort who go on to complete a qualification at the same level at the same tertiary education organisation.

Course completion is the proportion of course enrolments ending in a given year that have been successfully completed.

Pacific learners (relative to non-Māori and non-Pacific learners)

Measure	Level	2021 Target Parity gap	Group	2020 Estimated Actual		2019 Actual		Desired trend (parity gap)
				Course completion	Parity gap	Course completion	Parity gap	
Qualification completion								
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	No more than -1% points	Pacific	55.6%	-1 percentage points	55.9%	-1.8 percentage points	
			Non-Māori and non-Pacific	56.6%		57.7%		
	Level 7 degree and above	No more than -16.8% points	Pacific	47.5%	-16.8 percentage points	47.8%	-16.7 percentage points	
			Non-Māori and non-Pacific	64.3%		64.5%		

Measure	Level	Group	TEO commitments	2021 Target	2020 Estimated Actual		2019 Actual		Desired trend (parity gap)
				Parity gap	Parity gap	Parity gap			
Course completion									
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Levels 1-10	Pacific	75.4%	-11.1 percentage points	68.5%	-13.4 percentage points	71.1%	-13.6 percentage points	
		Non-Māori and non-Pacific	85.6%		81.9%		84.7%		
Progression									
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		Pacific	46.8%	2.1 percentage points	38%	3.4 percentage points	41.8%	7.1 percentage points	(Note 1)
		Non-Māori and non-Pacific	44.7%		34.6%		34.7%		
Retention									
First year retention rates for qualification at:	Levels 4-7 non-degree	Pacific	53.0%	-7.1 percentage points	49.9%	-12.2 percentage points	47.2%	-12.1 percentage points	
		Non-Māori and non-Pacific	60.1%		62.1%		59.3%		
	Level 7 degree and above	Pacific	74.7%	-4 percentage points	71.0%	-8.3 percentage points	72.5%	-6.2 percentage points	
		Non-Māori and non-Pacific	78.7%		79.3%		78.7%		

Note 1 – Maintained no parity gap (the percentage point difference is zero or positive).



He Whakangungu mā ngā Rōpū ka Tohua

Training for Designated Groups

This category is limited to the purchasing and arranging of training linked to the New Zealand Qualifications Framework and the purchase of both on-job and off-job training places, including delivery of fully or partially funded training places and other industry-training related projects.

This category is intended to achieve an increase in the number of young people and employees with qualifications valued by employers through investing in training.

	Forecast 2020/21 \$000	Budget 2021/22 \$000
Training for Designated Groups		
REVENUE		
Crown revenue		
Industry Training Fund	85,260	200,098
Industry Training Fund — Direct Access Scheme	5,070	5,088
Industry Training-related Projects	7,490	3,950
Youth Guarantee	46,648	74,543
Gateway	12,561	22,564
Total revenue	157,029	306,243
EXPENSES		
Industry Training Fund	95,300	200,098
Industry Training Fund — Direct Access Scheme	5,070	5,088
Industry Training-related Projects	7,490	3,950
Youth Guarantee	38,648	74,543
Gateway	12,561	22,564
Total expenses	159,069	306,243
Surplus/(deficit)	(2,040)	-




In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. This caused an additional \$139 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21. The 2021/22 budget is not affected by this, however, the 2020/21 forecast is \$139 million lower.

How we will assess performance


Ⓒ TEC contributes to the result of these measures

Industry training programme completion

All learners

Measure	Group	2021 Target	2020 Estimated Actual	2019 Actual	Desired trend
Percentage completing programmes	All learners	At least 67%	67%	68%	
	Industry Trainees	At least 69%	69%	70.4%	
	Apprentices	At least 55.5%	55.5%	61.5%	

Māori learners (relative to non-Māori and non-Pacific learners)

Measure	Group	2021 Target Parity gap	2020 Estimated Actual		2019 Actual		Desired trend (parity gap)
			Programme completion	Parity gap	Programme completion	Parity gap	
Percentage completing programmes	Māori	No more than -5% points	62.1%	-5 percentage points	62.4%	-6.4 percentage points	
	Non-Māori and non-Pacific		67.1%		68.8%		

Pacific learners (relative to non-Māori and non-Pacific learners)


Measure	Group	2020 Target Parity gap	2020 Estimated Actual		2019 Actual		Desired trend (parity gap)
			Programme completion	Parity gap	Programme completion	Parity gap	
Percentage completing programmes	Pacific	No more than -1.5% points	65.6%	-1.5 percentage points	69%	0.2 percentage point	(Note 1)
	Non-Māori and non-Pacific		67.1%		68.8%		

Note 1 – Maintained no parity gap (the percentage point difference is zero or positive).

How we will assess performance


Ⓒ TEC contributes to the result of these measures

Youth Guarantee

Measure	2021 Target	2020 Estimated Actual	2019 Actual	Desired trend
Percentage of Youth Guarantee learners completing qualifications at levels 2 or 3 (Note 1)	At least 60%	57%	60%	

Note 1 – From 1 January 2019 the definition of the workload for a full-time, full-year student working towards a level 2 qualification changed from 120 credits to 100 credits. Level 3 remained unchanged.

Gateway

Measure	2021 Target	2020 Estimated Actual	2019 Actual	Desired trend
Total participants and number of schools	13,200 ± 5% in up to 375 schools	12,628 in 359 schools	14,333 in 378 schools	

He Utu Nama-kore

Fees-free Payments


This category is limited to ensuring fees-free study for eligible students, apprentices and trainees.

This category is intended to contribute to removing barriers to participation by making tertiary education more affordable.

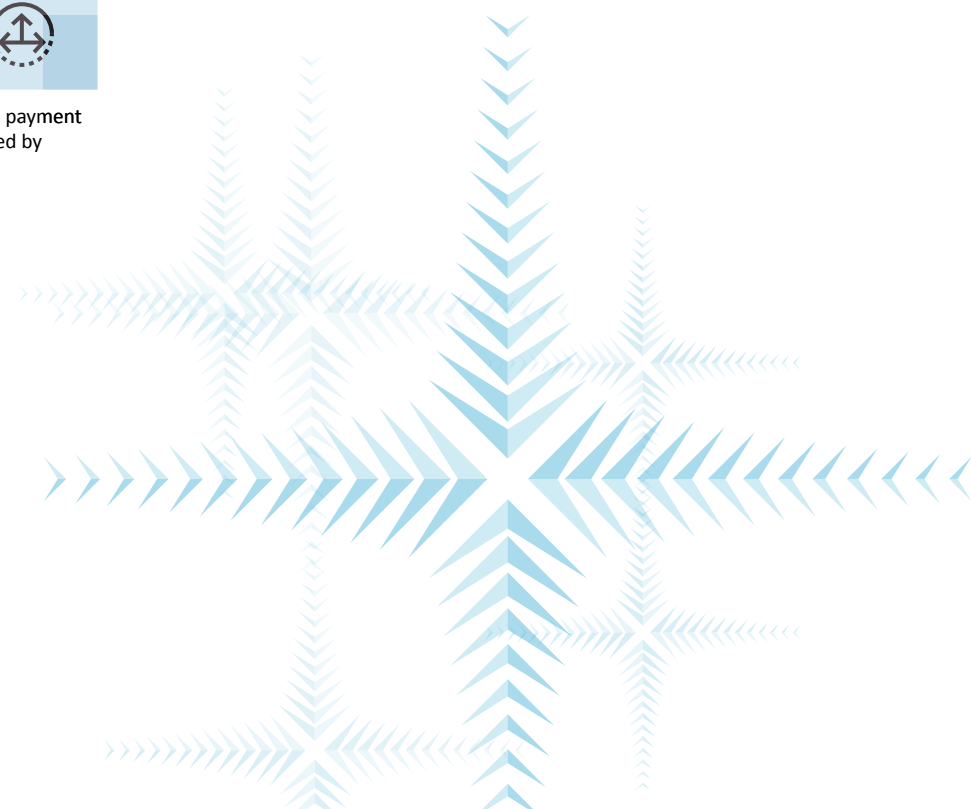
How we will assess performance

Ⓒ TEC contributes to the result of this measure

All learners

Measure	2021 Target	2020 Estimated Actual	2019 Actual	Desired trend
Average fees-free payments (including GST) received by first-year Fees Free learners (Note 1)	At least \$6,168.80	\$6,168.80	\$5,736	


Note 1 – The performance measure for Fees Free is the average benefit to the learner from fees-free payments. This is the fee payment for education or training that they no longer need to meet through their own finances or from student support. As fees charged by tertiary education organisations to learners are inclusive of GST, this average fee payment figure also includes GST.



	Forecast 2020/21 \$000	Budget 2021/22 \$000
Fees-free Payments		
REVENUE		
Crown revenue		
Fees-free Payments	197,224	381,344
Targeted Training and Apprenticeship Fund	200,000	160,000
Total revenue	397,224	541,344
EXPENSES		
Fees-free Payments	197,224	381,344
Targeted Training and Apprenticeship Fund	200,000	160,000
Total expenses	397,224	541,344
Surplus/(deficit)	-	-

In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. This caused an additional \$89 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21. The 2021/22 budget is not affected by this, however, the 2021/22 forecast figures are \$89 million lower. Our budget is set to ensure that sufficient funding is available for TEC to pay providers.

Targeted Training and Apprenticeships

Measure	2021 Target	2020 Estimated Actual	2019 Actual	Desired trend
Number of learners in Targeted Training and Apprenticeship Fund-eligible apprenticeships (Note 1)	At least 48,765	Not applicable (Note 2)	Not applicable (Note 3)	

Note 1 – Apprenticeships include New Zealand Apprenticeships, Modern Apprenticeships and Managed Apprenticeships.

Note 2 – The Targeted Training and Apprenticeship Fund (TTAF) came into effect at 1 July 2020. The number of learners in TTAF-eligible apprenticeships during the six-month period (July to December 2020) is estimated to have been 53,635.

Note 3 – The aim of TTAF is to minimise the impact of COVID-19 on apprentice numbers. We are expecting to limit the decline in apprentice numbers to no more than 5% of the pre-COVID 19 number of 51,332. Consequently, at least 48,765 apprentice learners is the target.

Te whakatū i Pūtahi Mātauranga Ahumahinga ā-Motu

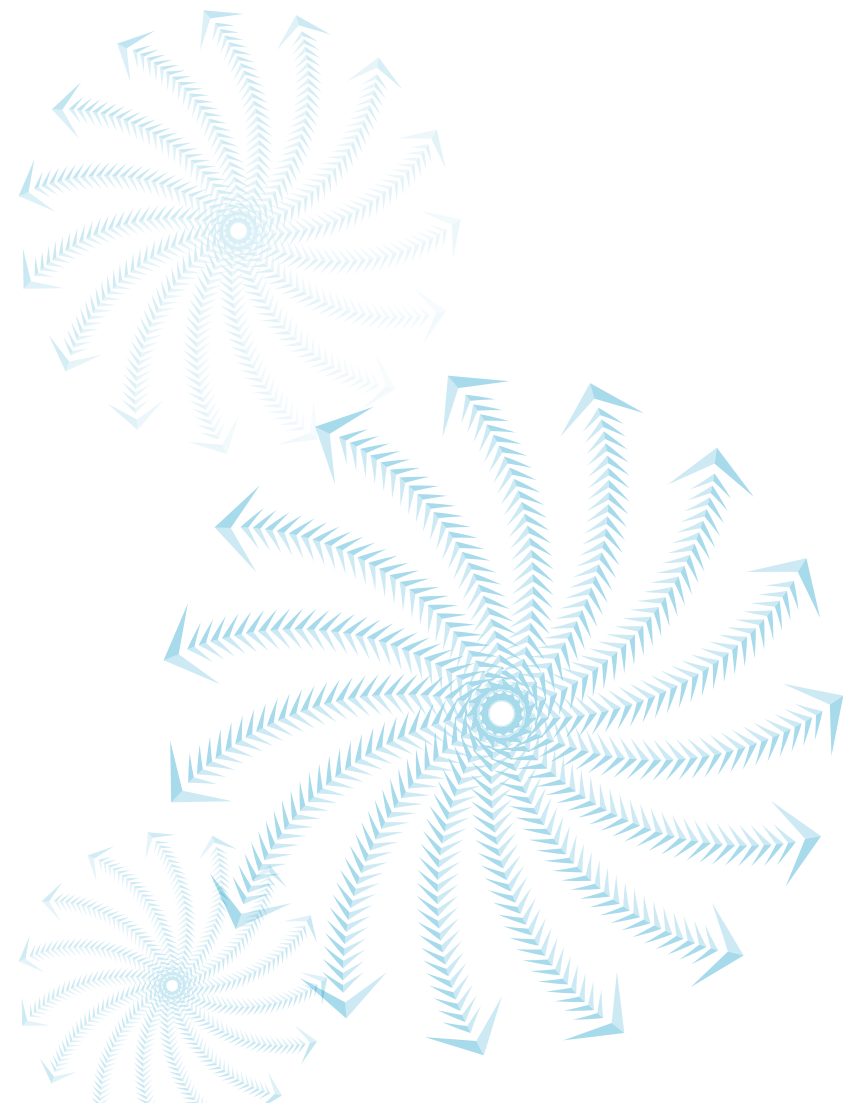
Establishment of a Single National Vocational Educational Institution

This appropriation is limited to operating funding for establishing a single national vocational education institution.

This appropriation is intended to establish the New Zealand Institute of Skills and Technology (Te Pūkenga) as a leading provider of off-job, work-based and online learning.

Te Pūkenga is responsible for reporting performance information for this appropriation in its annual report.

	Forecast 2020/21 \$000	Budget 2021/22 \$000
Establishment of a Single National Vocational Educational Institution		
REVENUE		
Crown revenue	63,640	10,000
Total revenue	63,640	10,000
Total expenses	63,640	10,000
Surplus/(deficit)	-	-



Te Tautoko mō Te Wānanga-o-Raukawa Support for Te Wānanga o Raukawa

How we will assess performance

Ⓒ TEC contributes to the result of this measure

Measure	2021/22 Target	2020/21 Estimated Actual	2019/20 Actual
Te Wānanga o Raukawa provides an annual report on the use of this funding to the Tertiary Education Commission.	Achieved	Achieved	Not Applicable

	Forecast 2020/21 \$000	Budget 2021/22 \$000
Support for Te Wānanga o Raukawa		
REVENUE		
Crown revenue	7,000	1,000
Total revenue	7,000	1,000
Total expenses	7,000	1,000
Surplus/(deficit)	-	-

This appropriation is limited to payments to Te Wānanga o Raukawa to support the resolution of WAI 2698.

This appropriation is intended to ensure progress towards resolving concerns raised in the Te Wānanga o Raukawa Whakatupu Mātauranga (WAI 2698) claim.

Te Tautoko i Ngā Wānanga

Support for Wānanga

How we will assess performance

Ⓒ TEC contributes to the result of this measure

Measure	2021/22 Target	2020/21 Estimated Actual	2019/20 Actual
Wānanga annual reports are reviewed and appropriate action is taken (see Note 1)	Achieved	Not Applicable	Not Applicable

Note 1 – Annual reports are reviewed against milestones and key performance indicators set in Investment Plans. Reviews look at progress on delivery towards policy objectives and long-term outcomes.

Support for Wānanga	Forecast 2020/21 \$000	Budget 2021/22 \$000
REVENUE		
Crown revenue	-	4,000
Total revenue	-	4,000
Total expenses	-	4,000
Surplus/(deficit)	-	-

This appropriation is limited to supporting wānanga in the tertiary education system to maintain, advance and disseminate mātauranga Māori according to tikanga Māori.

This appropriation is intended to support wānanga to undertake research and educational delivery that protects and advances mātauranga Māori.



Ngā Tauākī Matapae Tahua
Forecast Financial Statements

He Tauākī Whaiwhakaarotanga Hiranga kei te pūtake o ngā Tauākī Matapae Tahua

Statement of Significant Assumptions underlying the Forecast Financial Statements

Overview

We used a number of assumptions when preparing these forecast financial statements. This includes that the range and levels of service we currently provide will not change in 2021/22. These assumptions may differ from what actually happens. In particular, changes to government policy, the economy, learner demographics, immigration trends and the make up of the number and type of learning institutions within New Zealand will all affect us and our forecast results.

COVID-19

On the operational side of our business, COVID-19 continues to reduce our levels of travel and office costs. The hiring of staff and contractors has also been impacted, as well as some discretionary projects being put on hold while we adjust to the environment and the new way of working.

On the grants side, in March 2020 the Minister of Education confirmed that we would continue to fund tertiary education organisations at their pre-COVID-19 levels, despite any potential reduction in student numbers. The accounting implications of this decision mean that approximately \$1.112 billion of grants revenue and expenditure was recognised in 2019/20 instead of 2020/21. This is a technical accounting issue and not a cash issue. The 2021/22 budget is not affected, however, the 2020/21 forecast figures are \$1.112 billion lower.

Revenue

Revenue from the Crown is based on information contained in the 2021/22 Estimates of Appropriation, Vote Tertiary Education and Vote Education. In 2021/22 we plan to fully draw down our Crown revenue.

Interest income is based on the expected cash on hand and is budgeted to reduce in line with recent interest rate reductions.

Other Operating revenue

Contract – Pre-purchased English Language Tuition revenue of \$0.4 million is slightly lower than the prior year and assumes continued lower levels of immigration.

Other revenue includes \$1.2 million of contributions from tertiary education institutions towards the New Zealand Benchmarking Tool.

Operating expenses

Personnel costs are based on:

- › 346 established full-time equivalent (FTE) roles and 20 FTE temporary roles to cover the COVID-19 impact
- › project staff and contractors
- › other specialist contractors.

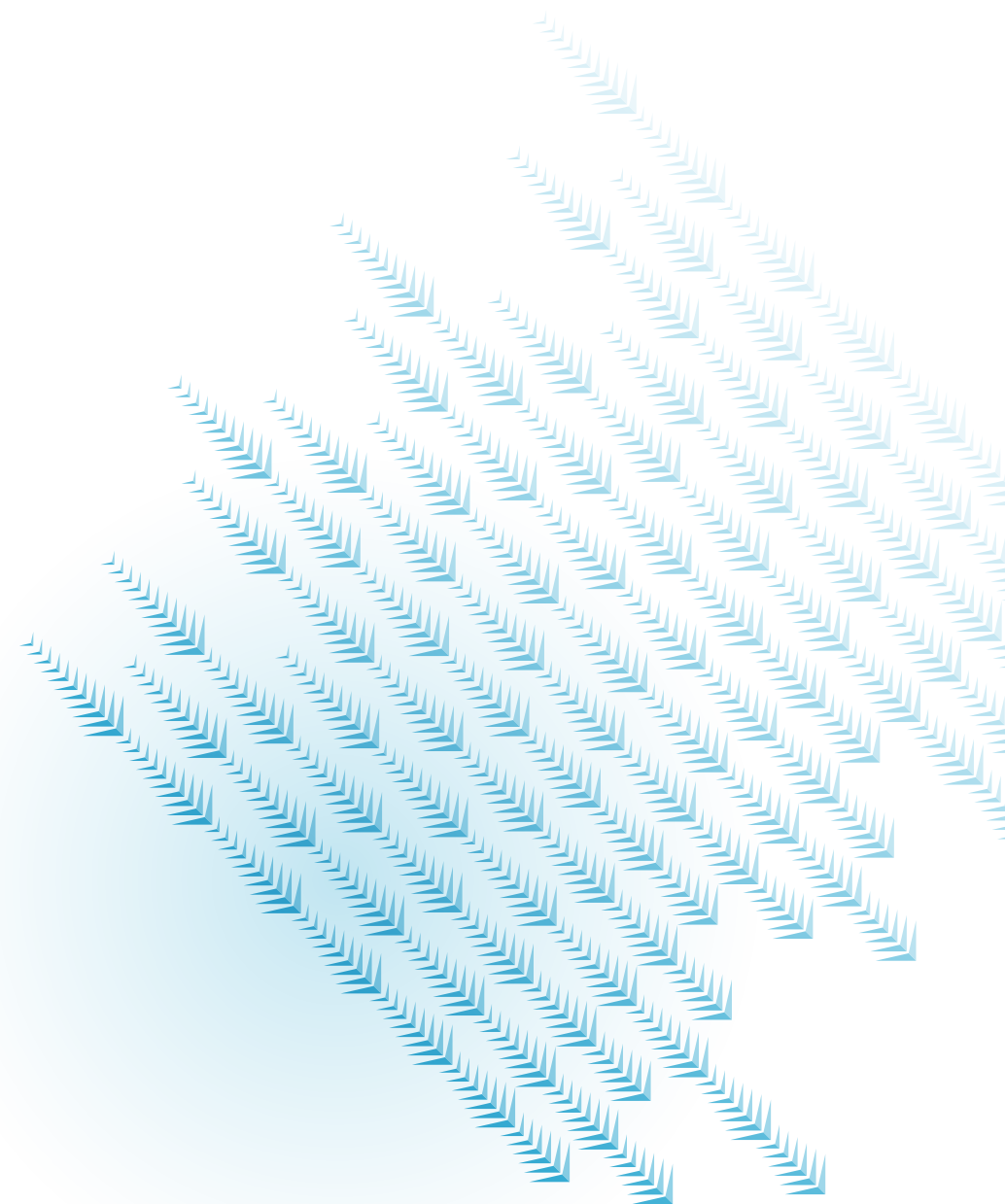
They include an allowance for salary increases at our long-term average of 1.6%. We also make a 5% allowance for staff vacancies.

Depreciation and amortisation costs are calculated based on our current fixed assets and our proposed 2021/22 capital plan.

Other expenses are calculated using a bottom-up approach and include around \$3.0 million for new projects and initiatives in 2021/22.

Grants expenses

At 30 June 2020 we had \$107.7 million of grants funds retained on our balance sheet. Our grants expense is based on the assumption that we will use \$78.8 million from the balance sheet in 2020/21. We have assumed no usage of the balance sheet in 2021/22.



Tauākī Matapae
mō te Tōtōpū o
te Whakapaunga
Pūtea

Forecast Statement of Comprehensive Revenue and Expense

For the year ended 30 June

	2021 Forecast \$000	2022 Budget \$000
REVENUE		
Grants revenue:		
Vote Education/Tertiary Education – Ministry of Education (MoE) (Note 1)	2,599,223	3,882,100
Prior year recoveries – net	4,000	2,000
Total grants revenue	2,603,223	3,884,100
Operating revenue:		
Vote Tertiary Education – MoE	81,924	77,230
Contract – Pre-purchased English Language Tuition	567	442
Contract – Migrant Futures	1,613	-
Other revenue	1,369	1,248
Total operating revenue	85,473	78,920
Finance revenue:		
Interest – grants	40	33
Interest – operating	291	180
Total finance revenue	331	213
Total revenue	2,689,027	3,963,233

Tauākī Matapae
mō te Tōtōpū o
te Whakapaunga
Pūtea

Forecast Statement
of Comprehensive
Revenue and
Expense

(CONTINUED)

For the year ended 30 June

	2021 Forecast \$000	2022 Budget \$000
EXPENSE		
Grants expense:		
Grants expense (Note 1)	2,677,503	3,881,600
Bad and doubtful debts	500	500
Total grants expense	2,678,003	3,882,100
Operating expense:		
Personnel costs	54,810	56,701
Amortisation	3,223	2,900
Depreciation	1,249	1,494
Other expenses	28,159	22,040
Total operating expense	87,441	83,135
Total expense	2,765,444	3,965,235
SURPLUS/(DEFICIT)		
Grants surplus/(deficit)	(74,740)	2,033
Operating surplus/(deficit)	(1,677)	(4,035)
Total comprehensive revenue and expense	(76,417)	(2,002)

Note 1 – In March 2020 the Minister of Education confirmed that we would continue to fund tertiary education organisations at their pre-COVID-19 levels despite any potential reduction in student numbers. The accounting implications of this decision mean that approximately \$1.112 billion of grants revenue and expenditure was recognised in 2019/20 instead of 2020/21. The 2021/22 budget is not affected however the 2020/21 forecast figures are \$1.112 billion lower.

Tauākī Matapae
Tahua Putea
**Forecast Statement
of Financial Position**

As at 30 June

	2021 Forecast \$000	2022 Budget \$000
CURRENT ASSETS		
Receivables (Note 1)	650,286	497,242
Cash and cash equivalents	72,591	64,932
Prepayments	1,000	1,020
GST receivable	4,041	3,515
Total current assets	727,918	566,709
NON-CURRENT ASSETS		
Intangible assets	15,713	31,337
Property, plant and equipment	4,671	6,453
Total non-current assets	20,384	37,790
Total assets	748,302	604,499
CURRENT LIABILITIES		
Payables (Note 1)	653,967	501,449
Pre-purchased English Language Tuition – fees in advance	17,688	14,461
Repayment of grants funding – MoE	40	33
Employee entitlements	3,312	3,632
Provision for lease	150	150
Total current liabilities	675,157	519,725

Tauākī Matapae
 Tahua Putea
**Forecast Statement
 of Financial Position**
 (CONTINUED)

As at 30 June

	2021 Forecast \$000	2022 Budget \$000
NON-CURRENT LIABILITIES		
Provision for lease	868	718
Employee entitlements	700	714
Total non-current liabilities	1,568	1,432
Total liabilities	676,725	521,157
Net assets	71,577	83,342
EQUITY		
General funds	71,577	83,342
Total equity	71,577	83,342

Tauākī Matapae
mō ngā Panoni
Pūtea Moni

**Forecast
Statement of
Changes in Equity**

For the years ended 30 June

	2021 Forecast \$000	2022 Budget \$000
EQUITY		
Balance at 1 July	139,534	71,577
Capital contribution	8,500	13,800
Total comprehensive revenue and expense for the year	(76,417)	(2,002)
Repayment of grants interest – MoE	(40)	(33)
Balance at 30 June	71,577	83,342

Tauākī Matapae mō ngā Rerenga Moni Forecast Statement of Cash Flows

For the year ended 30 June

	2021 Forecast \$000	2022 Budget \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Cash was provided from:</i>		
Grants – MoE	3,627,701	4,035,143
Grants – prior year recoveries	4,000	2,000
Operating – MoE	81,924	77,230
Operating – Pre-purchased English Language Tuition	304	149
Operating – other	3,282	1,248
	3,717,211	4,115,770
<i>Cash was applied to:</i>		
Grants payments	(3,613,748)	(4,034,743)
Grants – Pre-purchased English Language Tuition	(2,627)	(2,934)
Payments to employees	(54,792)	(56,325)
Other operating payments	(27,411)	(22,126)
GST – net	(6,309)	526
	(3,704,887)	(4,115,602)
Net cash flows from operating activities	12,324	168
CASH FLOWS FROM INVESTING ACTIVITIES		
<i>Cash was provided from:</i>		
Interest – grants	-	-
Interest – operating	256	180
Sale of property, plant and equipment	122	-
	378	180

Tauākī Matapae mō ngā Rerenga Moni

Forecast Statement of Cash Flows (CONTINUED)

For the year ended 30 June

	2021 Forecast \$000	2022 Budget \$000
<i>Cash was applied to:</i>		
Purchase of intangible assets	(6,647)	(18,524)
Purchase of property, plant and equipment	(1,871)	(3,276)
	(8,518)	(21,800)
Net cash flows from investing activities	(8,140)	(21,620)
CASH FLOWS FROM FINANCING ACTIVITIES		
<i>Cash was provided from:</i>		
Capital contribution – MoE	8,500	13,800
<i>Cash was applied to:</i>		
Repayment of grants funding – MoE	(32,748)	(7)
Net cash flows from financing activities	(24,248)	13,793
Net increase/(decrease) in cash and cash equivalents	(20,064)	(7,659)
Cash and cash equivalents at 1 July	92,655	72,591
Cash and cash equivalents at 30 June	72,591	64,932
Total comprehensive revenue and expense	(76,417)	(2,002)
Add non-cash items – depreciation and amortisation	4,472	4,394
Add non-cash items – loss on disposal of property, plant and equipment	97	-
Add net movements in working capital	84,468	(2,011)
Deduct interest income classified as investing activities	(256)	(180)
Deduct grants interest income classified within Repayment of grants funding – MoE	(40)	(33)
Net cash flows from operating activities	12,324	168

Te Nekenekehanga
ka Matapaetia mō
Ngā Rawa Kiko-kore

Movement of Forecast Intangible Assets

For the year ended 30 June

2021					
	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Balance at 1 July	2,260	7,705	1,321	1,003	12,289
Transfers from work in progress	1,321	532	(1,321)	(532)	-
Amortisation and impairments	(977)	(2,246)	-	-	(3,223)
Additions	-	-	-	6,647	6,647
Balance at 30 June	2,604	5,991	-	7,118	15,713
Cost	11,032	28,372	-	7,118	46,522
Accumulated amortisation	(8,428)	(22,381)	-	-	(30,809)
Balance at 30 June	2,604	5,991	-	7,118	15,713
2022					
	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Balance at 1 July	2,604	5,991	-	7,118	15,713
Transfers from work in progress	-	20,618	-	(20,618)	-
Amortisation and impairments	(258)	(2,642)	-	-	(2,900)
Additions	-	-	-	18,524	18,524
Balance at 30 June	2,346	23,967	-	5,024	31,337
Cost	11,032	48,990	-	5,024	65,046
Accumulated amortisation	(8,686)	(25,023)	-	-	(33,709)
Balance at 30 June	2,346	23,967	-	5,024	31,337

Te Nekenekehanga
ka Matapaetia mō
Ngā Rawa Whai Kiko,
Wāhi hoki me
Ngā Utauta

Movement of Forecast Property, Plant and Equipment

For the years ended 30 June

2021

	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Motor vehicles \$000	Work in progress \$000	Total \$000
Balance at 1 July	2,835	932	13	486	-	1	4,267
Transfers from work in progress	-	781	91	1,000	-	(1,872)	-
Depreciation and impairments	(415)	(614)	(12)	(208)	-	-	(1,249)
Additions	-	-	-	-	-	1,871	1,871
Disposals	-	(218)	-	-	-	-	(218)
Balance at 30 June	2,420	881	92	1,278	-	-	4,671
Cost	4,366	3,560	230	1,600	-	-	9,756
Accumulated depreciation	(1,946)	(2,679)	(138)	(322)	-	-	(5,085)
Balance at 30 June	2,420	881	92	1,278	-	-	4,671

2022

	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Motor vehicles \$000	Work in progress \$000	Total \$000
Balance at 1 July	2,420	881	92	1,278	-	-	4,671
Transfers from work in progress	1,526	750	-	1,000	-	(3,276)	-
Depreciation and impairments	(522)	(600)	(9)	(363)	-	-	(1,494)
Additions	-	-	-	-	-	3,276	3,276
Balance at 30 June	3,424	1,031	83	1,915	-	-	6,453
Cost	5,892	4,310	230	2,600	-	-	13,032
Accumulated depreciation	(2,468)	(3,279)	(147)	(685)	-	-	(6,579)
Balance at 30 June	3,424	1,031	83	1,915	-	-	6,453

He Moni Whiwhi
ā-Karāti ka
Matapaetia, nō
te Karauna me
Ngā Whakapaunga
Karāti i
Whakamāheretia

**Forecast Grants
Revenue from
the Crown and
Planned Grants
Expenses**

For the year ended 30 June 2022

	Revenue \$000	Expenses \$000
VOTE TERTIARY EDUCATION:		
Non-Departmental Output Expenses		
Access to Tertiary Education	44,415	44,415
Centres of Research Excellence	49,800	49,800
Establishment of a Single National Vocational Educational Institution	10,000	10,000
Support for Te Wānanga o Raukawa	1,000	1,000
Support for Wānanga	4,000	4,000
Tertiary Sector / Industry Collaboration Projects	42,435	42,435
Tertiary Education Research and Research-Based Training	321,000	321,000
University-led Innovation	9,350	9,350
Workforce Development Council Fund	48,000	48,000
Tertiary Tuition and Training multi-category appropriation		
Community Education	85,497	85,497
Tertiary Education: Student Achievement Component	2,376,032	2,376,032
Training for Designated Groups	306,243	306,243
Fees-free Payments	541,344	541,344
Total Non-Departmental Output Expenses	3,839,116	3,839,116
Benefits and Other Unrequited Expenses		
Tertiary Scholarships and Awards	19,868	19,868
Total Benefits and Other Unrequited Expenses	19,868	19,868

He Moni Whiwhi
ā-Karāti ka
Matapaetia, nō te
Karauna me Ngā
Whakapaunga Karāti
i Whakamāheretia

Forecast Grants Revenue from the Crown and Planned Grants Expenses

(CONTINUED)

For the year ended 30 June 2022

	Revenue \$000	Expenses \$000
VOTE EDUCATION:		
Non-Departmental Output Expenses		
Secondary-Tertiary Interface	30,564	30,564
Total Non-Departmental Output Expenses	30,564	30,564
Total revenue/expenses	3,889,548	3,889,548
Administered by Ministry of Education		
Quality Teaching Agenda	2,384	2,384
Scholarships and Awards	5,064	5,064
Administered by Tertiary Education Commission		
Total revenue/expenses	3,889,548	3,889,548
Prior year recoveries – net		
	2,000	-
Administered by Tertiary Education Commission		
Total grants revenue/expenses	3,884,100	3,882,100

He Moni Whiwhi
 hei utu i ngā
 Whakahaeretanga
 Mahi a Te Amorangi
 Mātauranga Matua
**Revenue to Fund
 the Tertiary
 Education
 Commission's
 Operations**

For the year ended 30 June 2022

	Revenue \$000
VOTE TERTIARY EDUCATION:	
Non-Departmental Output Expenses	
Administration of and Support for the Tertiary Education and Careers systems	77,230
Total Non-Departmental Output Expenses (Operating Appropriations Revenue)	77,230
Other revenue	
Māori Education Trust (Ministry of Education-administered)	109
Contract – Pre-purchased English Language Tuition	442
Interest – operating	180
Other revenue	1,248
Total operating revenue	79,209

Tauākī mō ngā kaupapa here kaute

Statement of accounting policies

Reporting entity

We are a Crown entity as defined by the Crown Entities Act 2004, established on 1 January 2003 pursuant to section 159C of the Education Act 1989 (now section 401 of the Education and Training Act 2020). We are based in New Zealand and our ultimate parent is the New Zealand Crown.

Our primary objective is to provide services to the New Zealand public, rather than make a financial return. Accordingly, we have designated ourselves as a public benefit entity (PBE) for financial reporting purposes.

Basis of preparation

Statement of compliance

The forecast financial statements have been prepared in accordance with the Education Act 1989 and Crown Entities Act 2004, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The forecast financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities and they comply with Tier 1 PBE standards. Specifically, they comply with PBE Financial Reporting Standard (FRS) 42 Prospective Financial Statements.

The forecast financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

The purpose of these forecast financial statements is to provide information on our future operating intentions against which we must report, and be audited against, at the end of the financial year. Use of this information for any other purpose may not be appropriate.

Please note that these forecast financial statements contain no actual results. Actual results achieved are likely to vary from the forecast information and the variation may be material (see Statement of Significant Assumptions underlying the Forecast Financial Statements on pages 58-59 for further information).

Presentation currency and rounding

The forecast financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Summary of significant accounting policies

Revenue

Revenue is measured at fair value of consideration received or receivable.

Revenue from Crown

We are primarily funded from the Crown. This funding is restricted in its use for the purpose of us meeting our performance measures as specified in the *Statement of Intent 2019/20 - 2022/23* and this *Statement of Performance Expectations 2021/22*. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period it relates to.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Contract – Pre-purchased English Language Tuition

As a part of their residency requirements, some migrants are required to pay English language tuition fees. The migrants pay the Ministry of Business, Innovation and Employment (MBIE). MBIE deducts an administration fee and pays the remaining balance to us for us to administer. A migrant can then enrol in an English language course at an approved course provider. We then pay fees to English language course providers on enrolment of migrants. We recognise a 10 percent administration fee out of the fees received as revenue at the time of payment to providers. If the migrant fails to enrol for the course within five years of receipt of the fees, the fees are refunded to MBIE.

Interest – grants

Interest income is recognised by accruing the interest due for each term deposit on a time-proportion basis. We voluntarily return interest earned on grants funds to the Ministry of Education.

Interest – operating

Interest income is recognised by accruing the interest due for each term deposit on a time-proportion basis. The interest earned is used in our operations.

Grants expenses

Grants expenditure relates to payments to tertiary education organisations for post-secondary school education and training, including foundation education, adult and community education, and research. Grants expenditure is recognised as an expense in surplus or deficit when an unconditional obligation to provide funding arises and there are no conditions attached. The expense is recognised at the earlier of the condition being met or payment being made when there are conditions attached.

Personnel costs

Superannuation schemes – defined contribution schemes

Obligations for contributions to KiwiSaver, the Government Superannuation Fund and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Operating leases

An operating lease is a lease that does not substantially transfer all the risks and rewards incidental to ownership of an asset to the lessee.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Capital charge

The capital charge is recognised as an expense in the financial year to which the charge relates.

Goods and services tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net GST payable to the Inland Revenue Department (IRD) is recorded in the statement of financial position.

The net GST paid to the IRD is classified as an operating cash flow in the statement of cash flows.

Payables

All grants payables are classified as non-exchange transactions and all operating payables are classified as exchange transactions.

Grants funding is considered a non-exchange transaction as we provide funding to tertiary education organisations but receive nothing tangible in return. We recognise a liability for our funding commitments as follows:

- › We recognise commitments for 12 months where we have committed to provide funding based on a multi-year contract. Our contracts with tertiary education organisations state our ability to provide funding depends on the Government continuing to appropriate sufficient funding for us to fund the tertiary education organisation. At 30 June 2022 our funding will only be confirmed up until 30 June 2023.
- › We recognise commitments up to the end of the current calendar year where we have committed providing funding to tertiary education organisations up to then.

Exceptions are as follows:

- › Volume-based funding: the majority of our funding is paid based on the number of valid student enrolments. We obtain the number of students enrolled in courses at each tertiary education organisation as at 30 June and compare this to what we have funded the tertiary education organisation for to 30 June. We record an asset or liability based on these student numbers and whether the funding we provided to the tertiary education organisation is higher or lower than what they are entitled.

- › Deliverable-based funding: some of our funding is paid once a tertiary education organisation completes a piece of research or meets a milestone. We do not record a liability unless the tertiary education organisation has met the milestone at 30 June.

Based on the explanations above, the tertiary grants payable at 30 June differs from the funding we expect to provide in the upcoming financial year.

Receivables

Short-term receivables are recorded at the amount due, less any provision for uncollectable debts.

A receivable is considered uncollectable when there is evidence the amount due will not be fully collected.

The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

A large portion of our receivables are from the Ministry of Education (MoE). We also have a large balance of tertiary grants payable.

MoE acknowledged through a June 2016 Memorandum of Understanding that we would record a receivable from it equal to the amount of our payable.

We also have a balance sheet mechanism receivable from MoE. It is funded from underspends in the Tertiary Tuition and Training multi-category appropriation. This helps us manage cost pressures within and across financial years.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

Intangible assets

Software acquisition and development

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date the asset is de-recognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

Computer software is the major class of intangible assets. Its useful life ranges from three to eight years and its associated amortisation rate ranges from 12.5 to 33 percent on a straight line basis.

Impairment of intangible assets and property, plant and equipment

We do not hold any cash-generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

Intangible assets and property, plant and equipment held at cost that have finite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value, less costs to sell and value in use.

Value in use is determined using either a depreciated replacement cost approach, restoration cost approach or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

An asset is regarded as impaired if its carrying amount exceeds its recoverable service amount. If so, the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Property, plant and equipment

Property, plant and equipment consist of the following asset classes: leasehold improvements, computer equipment, office equipment, furniture and fittings and motor vehicles.

All asset classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to us and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to us and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment. The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

Leasehold improvements	Life of lease	
Computer equipment	2.5-5 years	20-40% straight line
Office equipment	5 years	20% straight line
Furniture and fittings	10 years	10% straight line
Motor vehicles	5 years	20% straight line

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Employee entitlements

Short-term employee entitlements

Employee benefits due to be settled within 12 months after the end of the year in which the employee provides the related service, are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits due to be settled beyond 12 months after the end of the period in which the employee provides the related service, such as long-service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

- › likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood employees will reach the point of entitlement and contractual entitlement information
- › the present value of the estimated future cash flows.

Presentation of employee entitlements

The current portion of sick leave, annual leave and vested long-service leave are classified as a current liability.

Non-vested long-service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Provision for lease

A provision for lease is recognised for future expenditure of uncertain amount or timing when:

- › there is a present obligation (either legal or constructive) as a result of a past event
- › it is probable an outflow of future economic benefits or service potential will be required to settle the obligation
- › a reliable estimate can be made of the amount of the obligation.

Lease incentives

Lease incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Lease make-good provisions

Make-good provisions are recognised when leases require us to make good any damage caused or remove any installed fixtures and fittings at the end of the lease term.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits or service potential to be derived from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Repayment of grants funding – Ministry of Education

We are required to return any excess grants funds collected during the year to the Ministry of Education. This includes some of the funds drawn from the appropriations but not spent during the year and certain prior year recoveries. We can retain certain funds on our balance sheet if agreed by the Minister of Education. We also voluntarily return interest earned on grants funds.

Equity

Equity is measured as the difference between total assets and total liabilities.

Capital management

Our capital is our equity, which comprises accumulated funds. Equity is represented by net assets.

We are subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

We manage our equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure we effectively achieve our objectives and purpose, while remaining a going concern.

Income tax

We are a public authority so are exempt from paying income tax. Accordingly, no provision has been made for income tax.

Critical accounting estimates and assumptions

In preparing these financial statements we have made estimates and assumptions concerning the future (see Statement of Significant Assumptions underlying the Forecast Financial Statements on pages 58-59 for further information).

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors.

This includes expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the forecast financial statements are discussed below.

Estimating useful lives and residual values of intangible assets and property, plant and equipment

The useful lives and residual values of intangible assets and property, plant and equipment are reviewed at each balance date. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires a number of factors to be considered. These include the physical condition of the asset, expected period of use of the asset and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit and carrying amount of the asset in the statement of financial position. We minimise the risk of this estimation uncertainty by:

- › physical inspection of assets
- › asset replacement programmes
- › review of second-hand market prices for similar assets
- › analysis of prior asset sales.

In our assessment of useful lives of intangible assets and property, plant and equipment for the current balance date, we noted a number of intangible assets and computer equipment that we expect to keep in use beyond their useful lives. The effect of these changes on expected amortisation and depreciation expense is on the following page.

	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000
(Decrease)/ increase in amortisation expense	(321)	(67)	200	(50)	(50)	288
(Decrease)/ increase in depreciation expense	(15)	17	(1)	-	-	-

Measuring retirement and long-service leave obligations

The present value of retirement and long-service leave obligations depend on a number of factors determined on an actuarial basis. Two key assumptions used in calculating this liability include the assumed salary escalation rate and assumed resignation rate. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The assumed salary escalation rate has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. The assumed resignation rate has been determined by the actuary, using rates that vary with age and length of service and reflect the experience of company superannuation schemes in New Zealand.

Critical judgements in applying accounting policies

Leases classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers to us substantially all the risks and rewards of ownership.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

We have exercised our judgement on the appropriate classification of equipment leases and have determined none of our lease arrangements are finance leases.





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