



**Tertiary
Education
Commission**
Te Amorangi
Mātauranga Matua



Tauākī Whāinga Mahi Statement of Performance Expectations

2022/23



Te Kāwanatanga o Aotearoa
New Zealand Government

Karakia tīmatanga

Tākina ko te kawa
Ko te kawa o Rongo
Ko te taitamawahine, ko te taitamatāne
Tākina te manawa o Rongo
Ko te whatu o Rongo
Ko te mauri o Rongo
Ko te kiri o Rongo
He kawa nui
He kawa roa
He kawa whakatiketike
Mai Ranginui me Papatūānuku
Houhia ko te kawa o Rongo
Tūturu o whiti
Whakamaua kia tina.... (all) tina
Haumi e, hui e (all) Tāiki e

Hold on to these principles
The principles of Rongo, the Atua of peace

Hold peace in your heart
See the peace
Feel the force of peace
Make peace present
It's big
It's long lasting
It's important
From the sky to the earth
Let this principle of peace bind us together

Let us be open and generous



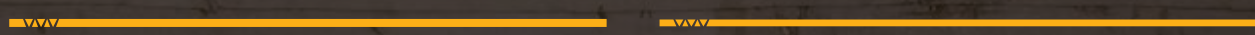
Presented to the House of Representatives pursuant to section 149L(3) of the Crown Entities Act 2004



Ko Te Amorangi
Mātauranga Matua me
Te Tiriti o Waitangi
The Tertiary Education
Commission and the
Treaty of Waitangi

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





-
- 1** The Tertiary Education Commission (the TEC) will honour Te Tiriti o Waitangi (Te Tiriti) and give effect to our commitments through our stewardship of the tertiary education and careers systems.
-
- 2** The increasing opportunities and need for us to honour Te Tiriti requires a focus on understanding what being a good Crown partner means for us. To achieve this we are developing a Te Tiriti framework and work programme that will support us to balance the roles of kāwangatanga and expressions of rangatiratanga to achieve ōritetanga across the systems.
-
- 3** We will continue to ensure that our work is consistent with Te Tiriti-related goals of the Education Work Programme, the Tertiary Education Strategy, Tau Mai Te Reo, and Ka Hikitia.
-
- 4** We acknowledge our responsibility to Te Tiriti in its entirety, including taking into account the interests of whānau, hapū, iwi and Māori.
-
- 5** In particular, through our Ōritetanga Learner Success work programme, we are giving effect to the Crown's Third Article Treaty obligations 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 of the tertiary education system.
-
- 6** 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, in particular by delivering on the joint Te Hono Wānanga work programme.
-

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Tauākī Whakamaunga Atu

Statement of Responsibility

This *Statement of Performance Expectations 2022/23* is produced in accordance with the requirements of sections 149B to 149M of the Crown Entities Act 2004.

This *Statement of Performance Expectations 2022/23* 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 2022/23* is consistent with the appropriations contained in the Estimates of Appropriations for the year ending 30 June 2022. 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
Board Chair
Tertiary Education Commission



Alastair MacCormick
Whatitata Whakau – Risk and Assurance Committee Chair
Tertiary Education Commission

9 June 2022

9 June 2022



Tō mātou
horopaki mahi
whakahaere

Our operating
context





Tō mātou pūtake

Tāreia te pūnaha kia hihiri,
ko te ako taumano te hua
– kia rite ai ngā ākonga,
ngā hapori me ngā kaituku
mahi mō te angitu



Tō mātou wawata

Kia tū aumangea, kia
taurikura ā Aotearoa –
kei a te katoa ngā pūkenga,
te mātauranga me te
whakamanawa e tipu ai te
mauri ora



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 create a fulfilling life

Ka whakatakoto tēnei Tauākī Whāinga Mahi i ō tātou whāinga mahi mō te tau 2022/23

This Statement of Performance Expectations sets out our performance expectations for 2022/23

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 2022/23 – 2025/26*, which is available on our website <http://www.tec.govt.nz>.

We are government’s key agency for investment in tertiary education and careers services

The Tertiary Education Commission / Te Amorangi Mātauranga Matua (the 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 have a significant role in the tertiary education system, providing funding, information and guidance to tertiary education organisations and careers support to learners and their whānau.

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

Over the coming years we will focus on equipping New Zealanders with the skills and capabilities to make them career confident and resilient. For our learners and partners this means providing information, tools and support to inform and enable good educational and employment decisions.

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**



Section 4 of the new Education and Training Act 2020 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 giving effect to Te Tiriti o Waitangi 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.

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

**We are here for learners,
iwi, communities and
employers**

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 and their whānau also means delivering for iwi, 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.

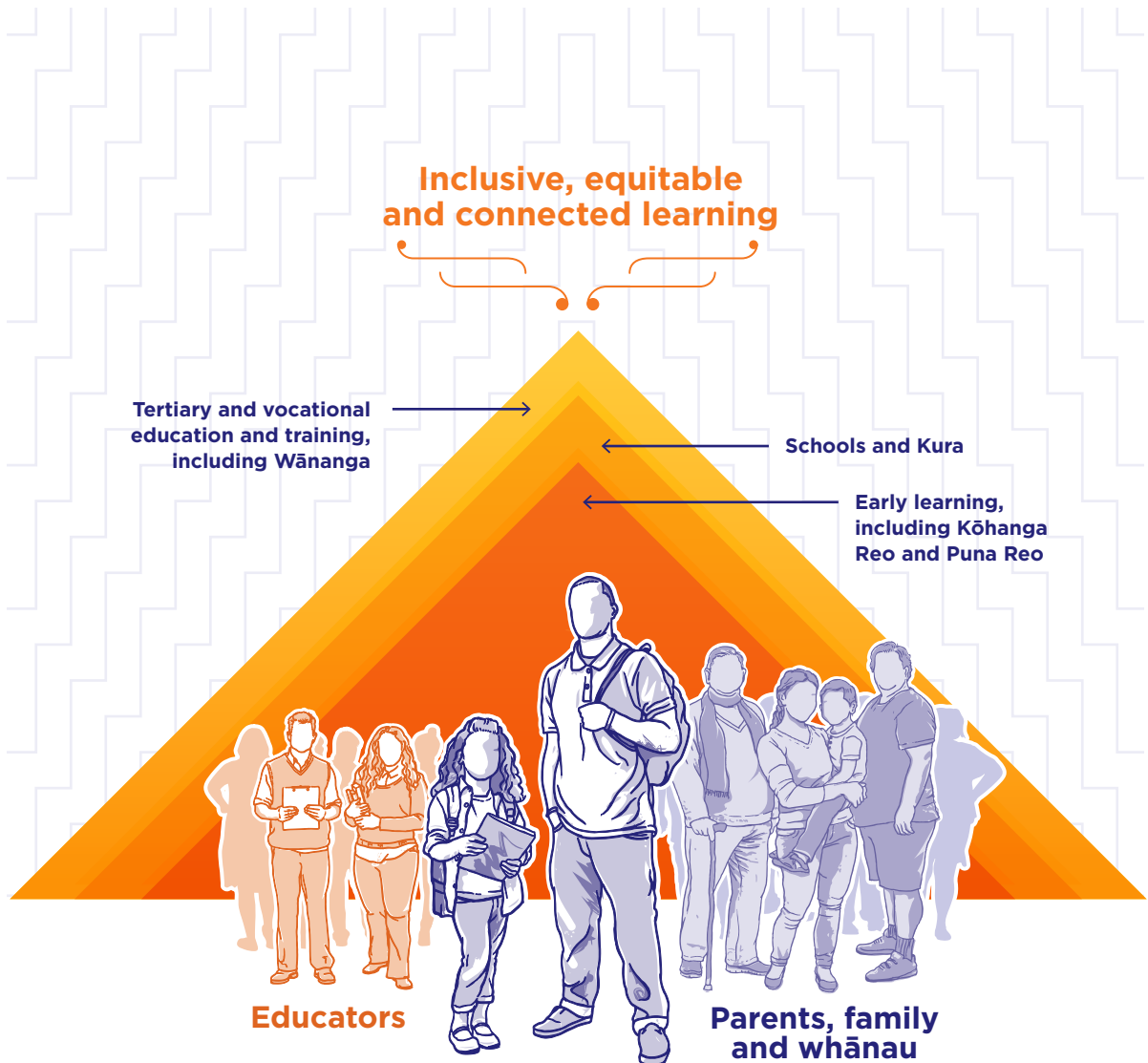
We are part of the wider education sector that works together to shape the system for better outcomes. Together, we all contribute to a strong education system and improve the connections between learning and work. We also work with all of the cross-government and private enterprise organisations that help us to deliver information and services to customers and providers.

Key partners include the Ministry of Education, Ministry of Business, Innovation and Employment, Ministry of Social Development, Education New Zealand and the New Zealand Qualifications Authority.



We also work with public and private entities across Aotearoa New Zealand to ensure the tertiary education and career systems are responsive to regional and national need. This includes the Career Development Association of New Zealand, Business New Zealand, chambers of commerce, economic development agencies, industry peak bodies and employers, in regions across Aotearoa New Zealand.

The Workforce Development Councils and Regional Skills Leadership Groups established through the Reform of Vocational Education are key partners, allowing us to build quality connections with industries and employers to ensure the tertiary education system delivers for the regions and industries these bodies represent.



Learners and their whānau are at the centre of everything we do

Employers • Iwi • Education leaders and professionals • Communities

Regional Skills Leadership Groups & Workforce Development Councils • Kāhui Ako • Professional associations and peak bodies

Education New Zealand • Tertiary Education Commission • New Zealand Qualifications Authority • Ministry of Education • Education Review Office • Education Payroll Limited • Network for Learning • Teaching Council



Kia ōrite te whiwhi a te katoa

Realising system-wide equity

All learners should receive the support they need to succeed in education and achieve sustainable employment and lead fulfilling lives. Education, and in particular tertiary education, is the key that unlocks social mobility. It is also key for a workforce that is highly skilled and driving economic growth.

We have developed a learner success programme of work that will enable us to drive system-wide equity of participation and educational achievement. The TEC's learner success programme was developed to ensure all parts of the system are working to support success, specifically:

- › learners and their influencers have the support and experiences to make good educational and career choices
- › communities and industry have an empowered voice in shaping the system (including iwi/Māori and Pacific communities, businesses and industry)
- › capable, focused and accountable TEOs and sector leadership at all levels
- › The TEC investment processes support and incentivise good outcomes for all learners
- › The TEC itself has the internal capacity, capability and external relationships required to drive change.

TEC has developed and tested a Learner Success Framework (the Framework) for the Aotearoa New Zealand context.

The Framework is essentially a blueprint for change transformation. It provides TEOs with an approach for putting learners at the heart of what they do and is designed to address the biases and disparities that have resulted in the tertiary education system underserving specific learner groups.

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 and methods and policies – enrolment support and outreach, first year program planning, goal setting.

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

Creating awareness and desire for change

Understand why

Current state – analysis of learner success maturity (factors that impact participation and 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.

Build organisational capability and commitment

Understand what

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

Establish a baseline for lead performance indicators and develop learner success strategy “from - to”.

Understand when

Develop design and implementation roadmap.

Understanding learner needs

Understand who

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

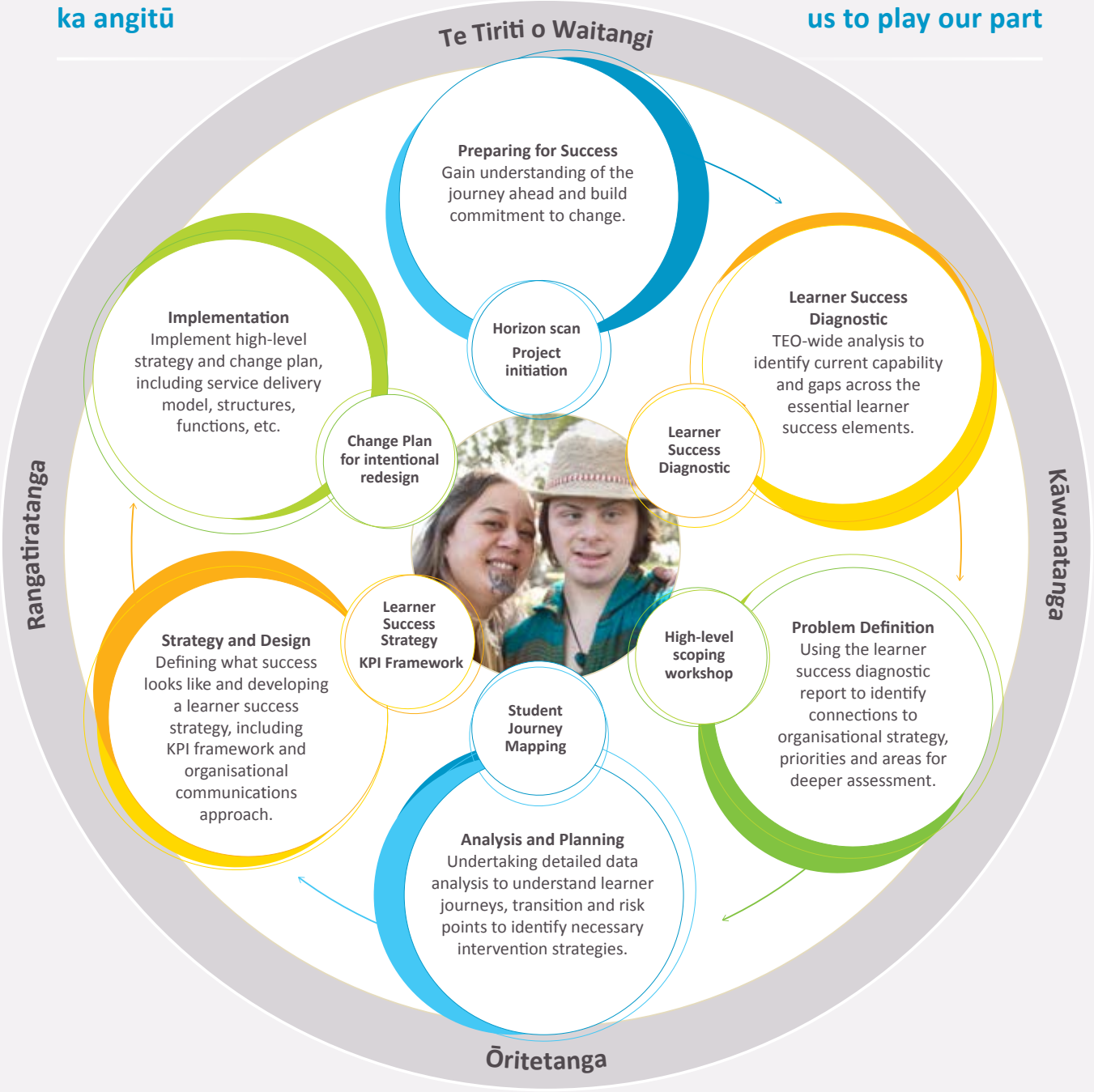
Plot risk and attrition points. Assess effectiveness of current interventions and usage against risk segments (use of self-reflection documents and External Evaluation Reviews).

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

Te anga angitu o te ākongā Learner success framework

Mā te mahi ngātahi,
ka angitū

Success requires all of
us to play our part



KO Ō MĀTOU WHĀINGA RAUTAKI

OUR STRATEGIC INTENTIONS

Our strategic intentions reflect our organisational strategy. Our strategy is built around shaping a system that responds to, and meets the needs of, learners and their whānau, iwi and communities, and employers. The strategy will ensure Aotearoa New Zealand's tertiary education and careers systems respond to and meet people's needs for skills, knowledge and confidence to build fulfilling lives.

Our strategy provides the overarching framework for all the work that we do as an organisation. It includes our purpose and vision, the outcomes we are seeking, our strategic priorities for the coming years and our values and behaviours that guide the way we work. More information about our strategy can be found on our website <http://www.tec.govt.nz/strategy>.

OUR VISION & PURPOSE

Our Vision & Purpose define our why and what we are working to achieve

Our Purpose

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

Tāreia te pūnaha kia hihiri, ko te aka taumano te hua – kai rite ai nga akonga, nga hapori me ngā kaituku mahi mō te angitu

Our Vision

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

Kia tū aumanga, kai taurikura a Aotearoa – kei a te katoa ngā pūkenga, te mātauranga me te whakamanawa e tipu ai te mauri ora

Our Outcomes

Our **Outcomes** are our goals and describe what we are seeking to achieve for New Zealand



Equity and an inclusive society



An adaptable system



Building the right skills to succeed



Equip TEC for the future
(internal outcome)

Our Strategic Priorities

Our **Strategic Priorities** are where we are focusing our efforts to make the biggest difference to our outcomes

Embed our
Ōritetanga
Learners
Success
approach
across the
sector

Shift to
a learner-
centred
investment
system

Unify the
vocational
education
and training
system

Make it
easier to
upskill or
change
pathways

Build an
integrated
career
response

Thriving
TEC

Our Values & Behaviours

Our **Values & Behaviours** guide the way we work together and are pivotal to achieving our outcomes



Work together
for success



Connect with
People

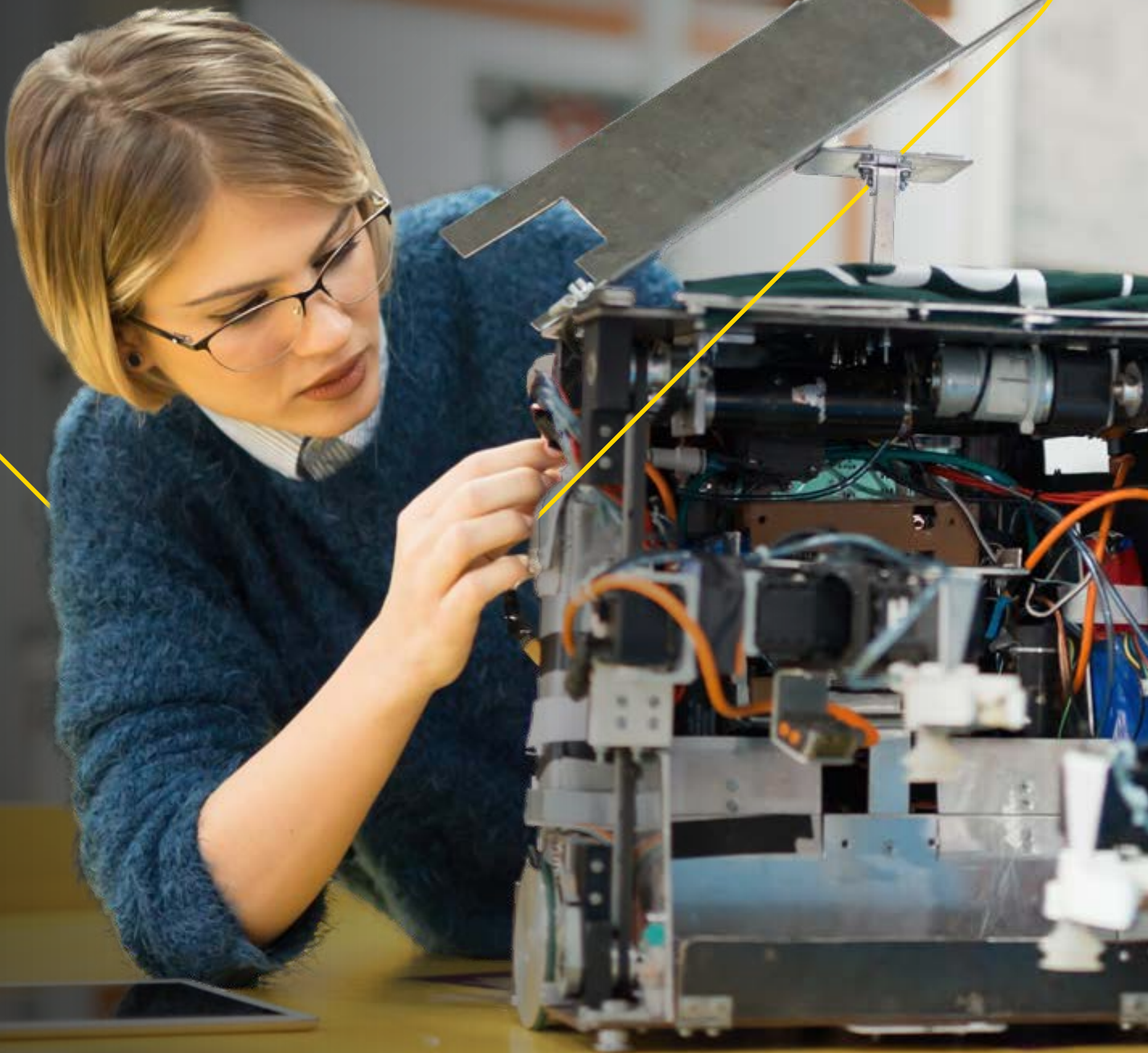


Do the
right thing



Service matters

Our four outcomes





Equity and an inclusive society

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



An adaptable system

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



Building the right skills to succeed

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



Equip TEC for the future

To be an insight driven and culturally affirming agency



The Tertiary Education Strategy

The Tertiary Education Strategy (TES) sets out the long-term strategic direction for tertiary education, including economic, social and environmental goals, and the development aspirations of Māori and other population groups.

The TEC is required by the Education and Training Act 2020 to give effect to the TES. Our TEC Strategy has been designed to reflect this and respond to the five TES objectives.

Detailed information about our strategic intentions and each of our four outcomes can be found in our *Statement of Intent 2022/23 – 2025/26* on our website:

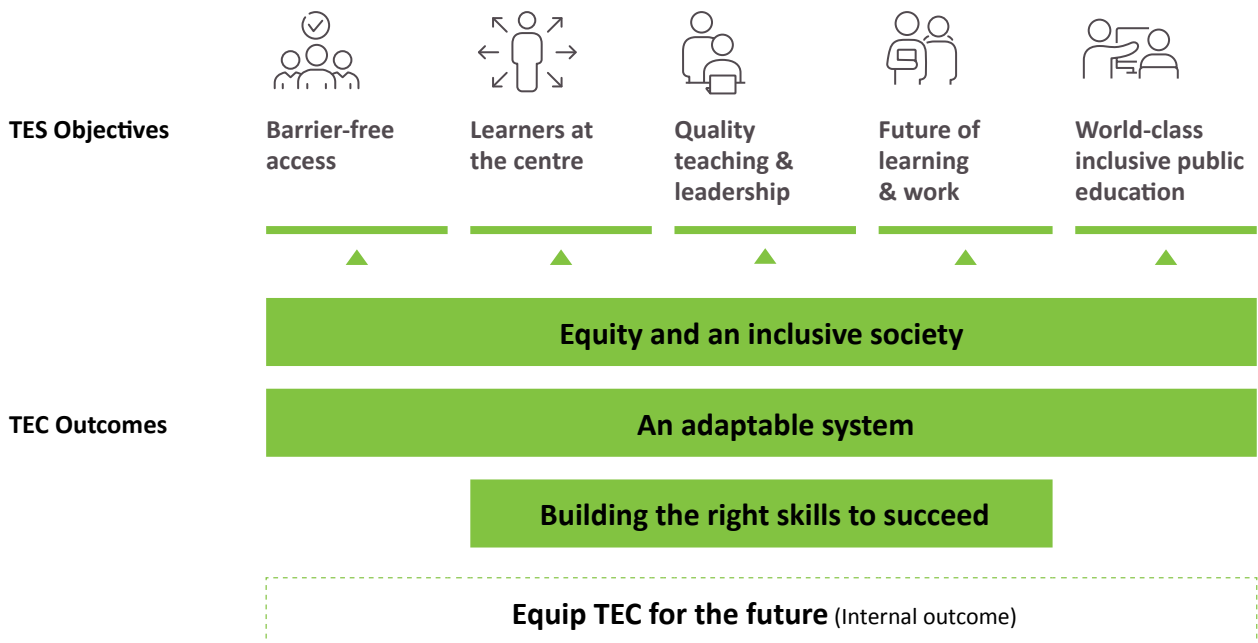
<https://www.tec.govt.nz>.

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

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

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



Vote Tertiary Education appropriations

This table shows how Vote Tertiary Education appropriations align with the Tertiary Education Strategy objectives and our TEC strategic outcomes. Whilst a number of appropriations could be aligned to several TES objectives, we have focused on showing key linkages.

Appropriations 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.

Tertiary Education Strategy objectives



Vote Tertiary Education appropriations

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

Equity and an inclusive society



An adaptable system



Building the right skills to succeed



Equip TEC for the future



The 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	✓	✓		✓	
Vocational Education Data Systems		✓		✓	

The TEC invests in tertiary education and training through these grants funding appropriations

Centres of Research Excellence			✓	✓	✓
Establishment of a Single National Vocational Education Institution	✓	✓	✓	✓	✓
Fees Free Payments	✓	✓			
Strategic Funding for National and Regional Priorities		✓		✓	
Support for Wānanga	✓	✓	✓	✓	✓
Tertiary Education Research and Research-Based Teaching			✓		✓
Tertiary Scholarships and Awards			✓		
Tertiary Sector / Industry Collaboration Projects			✓	✓	✓
Tertiary Tuition and Training (Multi-category appropriation)	✓	✓	✓	✓	✓
University-led Innovation			✓	✓	✓
Workforce Development Councils			✓	✓	✓



We will spend over

\$3 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 2022/23 and the measures we will use to track progress towards achieving the intention of each appropriation. It also shows how each appropriation links to our four strategic outcomes.

Throughout this document we have identified the measures that we are responsible for. These are measures that reflect our role in implementing policy.

We have also identified the measures that we contribute to, through 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.

<p>(R) TEC is responsible for the result of this measure</p>	<p>Desired trend symbols are used to indicate what we want to see happen to the performance result in the future</p>		
<p>(C) TEC contributes to the result of this measure</p>	<p>▲ Increase</p>	<p>▼ Decrease</p>	<p>↕ Maintain or increase</p>



These appropriations support the tertiary education and careers systems

Administration of and Support for the Tertiary Education and Careers Systems

\$79.4 million

Careers System Online

\$2.0 million

Vocational Education Data System

\$7.9 million

We use these appropriations
to invest in tertiary education



Tertiary Tuition and Training

\$2,880.4 MILLION

Fees Free Payments

\$387.1
million

Tertiary Education Research and Research-Based Teaching

\$315.0
million

Workforce Development Councils

\$65.0
million

Centres of Research Excellence

\$49.8
million

Strategic Funding for National and Regional Priorities

\$39.5
million

Secondary-Tertiary Interface

\$31.3
million

Tertiary Sector / Industry Collaboration Projects

\$30.3
million

Support for Wānanga

\$23.0
million

Tertiary Scholarships and Awards

\$20.4
million

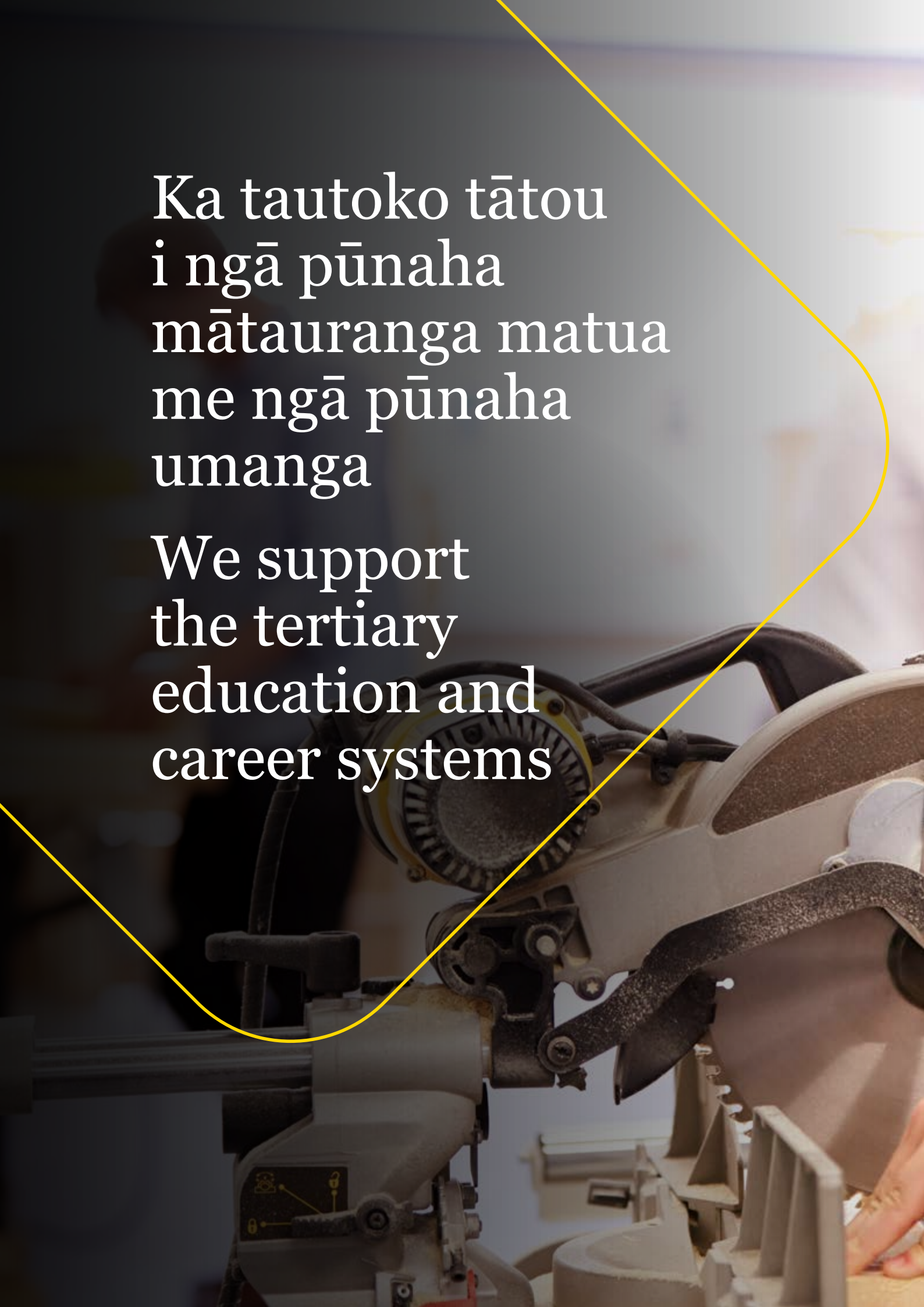
Establishment of a Single National Vocational Education Institution

\$16.0
million

University-led Innovation

\$4.4
million





Ka tautoko tātou
i ngā pūnaha
mātauranga matua
me ngā pūnaha
umanga

We support
the tertiary
education and
career systems

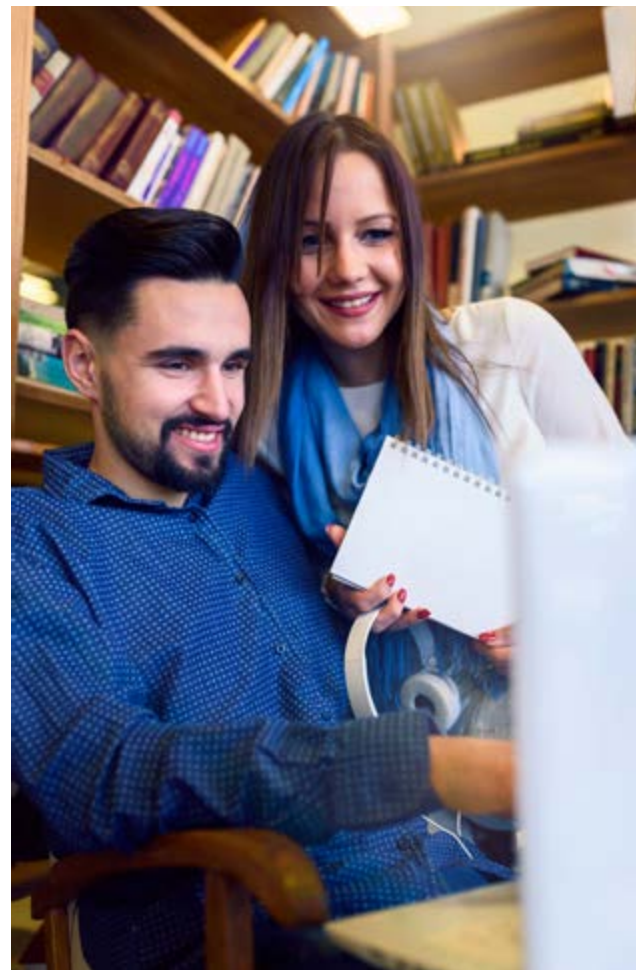


Mā tā tātou nopenope
ā-mahi e āhei ai tātou
te tautoko i ngā pūnaha
mātauranga matua me
ngā pūnaha umanga

**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 are required by the Education and Training Act 2020 to give effect to the Tertiary Education Strategy (TES) through the investment process. As part of this, we are responsible for publishing guidance on the content and criteria for assessment of tertiary education organisations’ (TEOs’) investment plans and determining and allocating the amount of funding to TEOs. The TEC also has a role in building the capability of TEOs as part of giving effect to the TES.



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.

Administration of and Support for the Tertiary Education and Careers systems	Forecast 2021/22 \$000	Budget 2022/23 \$000
REVENUE		
Crown revenue – Tertiary Education Commission	76,592	79,413
Crown revenue – Māori Education Trust (Ministry of Education administered)	109	109
Contract – Pre-purchased English Language Tuition	429	442
Interest	207	800
Other revenue	3,358	1,248
Total revenue	80,695	82,012
EXPENSES		
Tertiary Education Commission	84,336	86,903
Māori Education Trust (Ministry of Education administered)	109	109
Total expenses	84,445	87,012
Surplus/(deficit)	(3,750)	(5,000)

This appropriation links to these Tertiary Education Strategy objectives



Barrier-free access



Learners at the centre



Quality teaching
& leadership



Future of learning
& work



World-class inclusive
public education

How we will assess performance

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

Our operational measures are linked to our statutory functions as set out in the Education and Training Act 2020.

Statutory function: Give effect to the Tertiary Education Strategy by funding tertiary education organisations, growing their capability and monitoring their performance

Funding tertiary education organisations

Measure	2022/23 Target	2021/22 Estimated Actual	2020/21 Actual	Desired trend
Percentage of payments the TEC makes to tertiary education organisations that are made within agreed timeframes	At least 99.5%	At least 99.5%	99.88%	↔
Percentage of tertiary education organisations that agree that our investment toolkit and plan guidance were very useful to prepare their investment plans	At least: Toolkit 45% Plan guidance 52%	At least: Toolkit 45% Plan guidance 52%	Toolkit 45% Plan Guidance 52%	▲

Growing the capability of tertiary education organisations



Measure	2022/23 Target	2021/22 Estimated Actual	2020/21 Actual	Desired trend
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%	Not able to be measured as no governance seminars held	↔
Percentage of tertiary education organisations that agree that engagement (face-to-face, phone and email) with the TEC was useful	At least baseline year result	Baseline year	Not applicable	▲

Measure (trend information only) (Note 1)	2021/22 Estimated Actual	2020/21 Actual	Desired trend
Number of tertiary education organisations that are delivering on the milestones in their learner success plans	Baseline year	Not applicable	▲
Number of tertiary education organisations that have a learner success plan that includes a roadmap of tangible goals and milestones	Baseline year	Not applicable	▲


Note 1 – Learner success plans have been a standard feature of the Investment Plans for several years. However, this year we have changed our guidance to be more forward focused, expecting a roadmap of tangible goals and milestones.


For TEIs that are mid-cycle, we also expect them to submit a modified learner success plan, which includes a roadmap of tangible goals and milestones. For TEOs that are required to submit an Investment Plan this year, as part of this requirement, the TEO must also include a learner success plan.

Monitoring the performance of tertiary education organisations


Measure	2022/23 Target	2021/22 Estimated Actual	2020/21 Actual	Desired trend
Percentage of TEC-funded tertiary education organisations that agree that auditing processes were made transparent and information was accessible throughout the process	At least: Transparent 79% Accessible 80%	At least: Transparent 79% Accessible 80%	Transparent 79% Accessible 80%	
The satisfaction rating given by the Minister of Education on the TEC's monitoring advice related to Te Pūkenga and tertiary education institutions	At least 7 out of 10	7 out of 10	Not applicable	

Statutory function: Provide information and services to help career seekers prepare to move to work or further study. Collect and provide information about study and work options


Measure	2022/23 Target	2021/22 Estimated Actual	2020/21 Actual	Desired trend
Percentage of careers system stakeholders that agree that our online information and tools are useful	At least 86%	At least 86%	86%	

Measure (trend information only)	2021/22 Estimated Actual	2019/20 Actual	Desired trend
Percentage of people seeking to make a learning or work decision who agree the information and tools provided by the TEC assisted that decision	Learning decision 76% Work decision 75%	Learning decision 66% Work decision 50%	

Statutory function: Strengthen the connections from education to employment

Measure	2022/23 Target	2021/22 Estimated Actual	2020/21 Actual	Desired trend
Key stakeholder satisfaction that the TEC has helped improve connections between schools, TEOs and employers	At least 32%	At least 32%	32%	

Statutory function: Advise the Minister on tertiary education organisations and sector performance and on the operational impact of policy

Measure	2022/23 Target	2021/22 Estimated Actual	2020/21 Actual	Desired trend
The overall satisfaction rating given by the Minister of Education on the Tertiary Education Commission	At least 7 out of 10	7 out of 10	8 out of 10	

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.

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Careers System Online		
Crown capital contribution	4,500	2,000
Total capital and operating expenses	7,255	2,000
Appropriation under/(over) spend	(2,755)	-

The additional expenses represent \$2.8 million drawn down in 2020/21 and not spent during that year.

This appropriation links to these Tertiary Education Strategy objectives



Barrier-free access



Learners at the centre



Quality teaching
& leadership



Future of learning
& work



World-class inclusive
public education

How we will assess performance

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

Statutory function: Provide information and services to help career seekers prepare to move to work or further study. Collect and provide information about study and work options

Measure	2022/23 Target	2021/22 Estimated Actual	2020/21 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	Partially achieved	Not achieved

Note 1 – The Product Roadmap sets out the tools and datasets that will be developed and delivered over future years. The roadmap focuses on building the core system first and delivering the ability to explore: career advice pages, tertiary study and training options, career options and making a personalised career plan. The launch of a beta site (launched in parallel to careers.govt.nz) is expected in 2023.

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.

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Vocational Education Data System		
Crown capital contribution	1,000	7,850
Total capital and operating expenses	1,000	7,850
Appropriation under/(over) spend	-	-

This appropriation links to these Tertiary Education Strategy objectives



How we will assess performance

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

Statutory function: Give effect to the Tertiary Education Strategy by funding tertiary education organisations, growing their capability and monitoring their performance

Measure	2021/22 Target	2021/22 Estimated Actual	2020/21 Actual
The development of information technology capability to support the implementation of the unified funding system for vocational education is progressing (Note 1)	Achieved	Achieved	Not applicable

Note 1 – The first phase will be completed in time to enable TEC systems to recognise Unified Funding System-funded learning from January 2023.

Ka tuku
haumi tātou ki
te mātauranga
matua

We invest in
tertiary education





Ka tuku putea mātou
mō ngā momo kaupapa
mātauranga, whakangungu
katoa, me ērā kaupapa e
hono ai ngā kura taurua ki
te mātauranga matua

We invest in all forms of post-secondary school education and training, and fund programmes that link schools with tertiary education

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 2022/23 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 2020/21, 2021/22 and 2022/23. Calendar year estimated actuals, targets and results are shown as 2020, 2021 and 2022.





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.

Centres of Research Excellence	Forecast 2021/22 \$000	Budget 2022/23 \$000
REVENUE		
Crown revenue	49,800	49,800
Total revenue	49,800	49,800
Total expenses	49,800	49,800
Surplus/(deficit)	-	-

This appropriation links to these Tertiary Education Strategy objectives



Barrier-free access



Learners at the centre



Quality teaching
& leadership



Future of learning
& work



World-class inclusive
public education

How we will assess performance

C TEC contributes to the result of these measures

Measure	2022 Target	2021 Estimated Actual	2020 Actual
All Centres of Research Excellence show progress towards achieving the impacts stated in their Impact Statements (Note 1)	Achieved	Achieved	Not applicable
Total number of doctoral students completing qualification during the current funding period (Note 2)	At least baseline year result	Baseline year (Note 3)	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 will represent 6 months of student completions.



Te Whakatū Pūtahi Mātauranga Ahumahinga ā-Motu

Establishment of a Single National Vocational Education 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.

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Establishment of a Single National Vocational Education Institution		
REVENUE		
Crown revenue	16,000	16,000
Total revenue	16,000	16,000
Total expenses	16,000	16,000
Surplus/(deficit)	-	-

This appropriation links to these Tertiary Education Strategy objectives



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



Ngā Utunga Kore utu

Fees Free Payments

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

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

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Fees Free Payments		
REVENUE		
Crown revenue		
Fees-free Payments	246,212	387,135
Targeted Training and Apprenticeship Fund	235,276	-
Total revenue	481,488	387,135
EXPENSES		
Fees-free Payments	246,212	276,109
Targeted Training and Apprenticeship Fund	235,276	111,026
Total expenses	481,488	387,135
Surplus/(deficit)	-	-

This appropriation links to these Tertiary Education Strategy objectives



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How we will assess performance

C TEC contributes to the result of these measures

Fees Free – All learners


Measure	2022 Target	2021 Estimated Actual	2020 Actual	Desired trend
Average fees-free payments (including GST) received by first-year Fees Free learners (Note 1)	At least \$6,637	\$6,637	\$5,857	

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.

Measure (trend information only)	2022 Estimated Actual	2020 Actual	2019 Actual	2018 Actual	Desired trend
Number of fees-free first-time learners (Note 1)	38,185	42,868	47,087	47,019	

Note 1 – The number of first-time learners benefitting from fees-free payments decreased significantly in 2020 and again in 2021 because of the introduction of the Targeted Training Apprenticeship Fund (TTAF) which is one of the Government's COVID-19 response funds. TTAF supports learners to undertake vocational education and training without fees from 1 July 2020 to 31 December 2022.

Targeted Training and Apprenticeships

Measure	2022 Target	2021 Estimated Actual	2020 Actual	Desired trend
Number of learners in Targeted Training and Apprenticeship Fund-eligible apprenticeships (Notes 1 and 2)	At least 77,595	77,595	53,635	

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

Note 2 – TTAF began in July 2020. Between July 2020 and 31 December 2021, 183,055 unique learners (including 85,355 apprentices, 54,745 industry trainees and 50,950 provider-based learners) have been supported by TTAF (not all of these learners will be currently training as this is a cumulative figure). Learners can be enrolled in more than one year and will be counted in each year. The sum of the 2020 and 2021 apprenticeships numbers does not equal the total apprenticeships number (85,355) as the total removes double-counted learners.

Te tuku pūtea mō ngā whāinga tōmua ā-motu, ā-rohe hoke

Strategic Funding for National and Regional Priorities

This appropriation is limited to funding activities which support the tertiary sector to respond to national and regional priorities, including maintaining and developing innovative programmes of study.

This appropriation is intended to support the tertiary sector to make progress against Government strategies and priorities, including the objectives of the Reform of Vocational Education and the outcomes of Maihi Karauna.

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Strategic Funding for National and Regional Priorities		
REVENUE		
Crown revenue		
National and regional skills priorities	-	19,008
Programme Development and Maintenance Fund	-	19,008
Support growth of te reo Māori (Level 5 and above)	-	1,500
Total revenue	-	39,516
EXPENSES		
National and regional skills priorities	-	19,008
Programme Development and Maintenance Fund	-	19,008
Support growth of te reo Māori (Level 5 and above)	-	1,500
Total expenses	-	39,516
Surplus/(deficit)	-	-

This appropriation links to these Tertiary Education Strategy objectives



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How we will assess performance

This new appropriation includes the strategic element of the unified funding system (UFS) for vocational education, which comes into effect from 1 January 2023. This UFS is part of the Reform of Vocational Education. An initial performance measure has been included for 2022/23 while indicating the more substantive measures proposed for the 2023 calendar year.

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

Measure	2022/23 Target	2021/22 Estimated Actual	2020/21 Actual
Regional and national skills priorities, based on advice from Workforce Development Councils (WDCs), Regional Skills Leadership Groups (RSLGs) and iwi Māori, are available to inform investment decisions (Note 1)	Achieved	Not applicable	Not applicable

Note 1 – These national skills priorities will be aligned with government priorities. The result of this measure will be reported in our 2022/23 Annual Report.

(C) TEC contributes to the result of these measures

Measure	2022 Target	2021 Estimated Actual	2020 Actual	
Te Pūkenga annual report shows progress towards meeting: (Note 1)	Charter obligations, including providing a national network of provision (Note 2)	No target for 2022 New measure for 2023 calendar year	Not applicable	Not applicable
	National and regional skills priorities	No target for 2022 New measure for 2023 calendar year	Not applicable	Not applicable
Reports from funded organisations show progress towards meeting national and regional priorities (Notes 1, 3 and 4)	No target for 2022 New measure for 2023 calendar year	Not applicable	Not applicable	

Note 1 – The united funding system will be implemented from 1 January 2023. The first year of reporting against these measures will reflect 2023 calendar year funding received by Te Pūkenga and private training establishments. These measures will first be reported against in our 2023/24 Annual Report, which will reflect 2023 calendar year measure results.

Note 2 – Te Pūkenga charter requires that it provides a national network of provision, including offering in each region a mix of education and training – including on-the-job, face-to-face, and distance delivery – that is accessible to the learners of that region and meets the needs of its learners, industries and communities. It is also required to maintain a high-quality, coherent network of infrastructure that meets regional skills needs.

Note 3 – This performance measure applies to private training establishments. Funding objectives and progress milestones will be identified, monitored and reported on as part of ongoing reporting, as well as in subsequent funding applications.

Note 4 – We will work with wānanga to allocate programme development and maintenance funding. Reporting on this funding will not be included in this measure but will be included in wānanga annual reports, which are reviewed against milestones and key performance indicators set in Investment Plans.

Te Tautoko i Ngā Wānanga

Support for Wānanga

This appropriation is limited to supporting wānanga in the tertiary education system to undertake teaching and research that maintains, advances and disseminates knowledge regarding āhuatanga Māori according to tikanga Māori.

This appropriation is intended to support wānanga as a system of delivery, including supporting its critical role in protecting and revitalising te reo Māori and mātauranga Māori.

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Support for Wānanga		
REVENUE		
Crown revenue		
Support for Wānanga		
TEC administered	18,000	17,000
Ministry of Education administered	12,000	-
Wānanga Research Capability Fund	6,000	6,000
Total revenue	36,000	23,000
EXPENSES		
Support for Wānanga		
TEC administered	18,000	17,000
Ministry of Education administered	12,000	-
Wānanga Research Capability Fund	6,000	6,000
Total expenses	36,000	23,000
Surplus/(deficit)	-	-

This appropriation links to these Tertiary Education Strategy objectives



Barrier-free access



Learners at the centre



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& work



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How we will assess performance

Ⓒ TEC contributes to the result of this measure

Measure	2022 Target	2021 Estimated Actual	2020 Actual
Wānanga annual reports are reviewed and appropriate action is taken (see Note 1)	Achieved	Achieved	Achieved

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.



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.

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.

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Tertiary Education Research and Research-Based Teaching		
REVENUE		
Crown revenue	315,000	315,000
Total revenue	315,000	315,000
Total expenses	315,000	315,000
Surplus/(deficit)	-	-

This appropriation links to these Tertiary Education Strategy objectives



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How we will assess performance

C TEC contributes to the result of these measures

Performance-Based Research Fund

Measure	2022 Target	2021 Estimated Actual	2020 Actual
Research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions (Note 1))	Previous year actual $\pm 5\%$	Previous year actual $\pm 5\%$	4,076
Percentage increase in amount of external income for PBRF-eligible providers (Note 2)	3-5%	3-5%	0.94%

Note 1 – 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.



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.

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Tertiary Sector / Industry Collaboration Projects		
REVENUE		
Crown revenue		
Adult and Community Education (ACE) in Communities (Development & Delivery)	1,200	1,200
Centres of Vocational Excellence	5,000	5,000
Centres for Asia-Pacific Excellence	10,000	10,000
Early Childhood Education (ECE) Qualification Translation	145	-
Māori and Pacific Trades Training (Brokerage)	3,034	3,034
Māori and Pacific Trades Training (Consortium)	5,961	4,961
National Centre for Tertiary Teaching Excellence	3,556	3,556
Qualification Development Fund	800	-
Workforce Development Councils / Transitional Industry Training Organisations	10,872	-
COVID-19 Response Projects Fund		
Workforce Development Council Establishment Fund	3,850	-
Quality Teaching Agenda (Ministry of Education administered)	2,384	2,520
Total revenue	46,802	30,271

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Tertiary Sector / Industry Collaboration Projects		
EXPENSES		
Adult and Community Education (ACE) in Communities (Development & Delivery)	1,200	1,200
Centres of Vocational Excellence	5,000	5,000
Centres for Asia-Pacific Excellence	10,000	10,000
Early Childhood Education (ECE) Qualification Translation	145	-
Māori and Pacific Trades Training (Brokerage)	3,034	3,034
Māori and Pacific Trades Training (Consortium)	5,961	4,961
National Centre for Tertiary Teaching Excellence	3,556	3,556
Qualification Development Fund	800	-
Workforce Development Councils / Transitional Industry Training Organisations	10,872	-
COVID-19 Response Projects Fund	3,850	-
Workforce Development Council Establishment Fund	2,384	2,520
Total expenses	46,802	30,271
Surplus/(deficit)	-	-

This appropriation links to these Tertiary Education Strategy objectives



How we will assess performance

C TEC contributes to the result of these measures

Centres of Asia and Pacific Excellence

Measure	2022 Target	2021 Estimated Actual	2020 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	Achieved	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	At least (2021 baseline year result)	Baseline year	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.

University-led Innovation	Forecast 2021/22 \$000	Budget 2022/23 \$000
REVENUE		
Crown revenue	8,255	4,359
Total revenue	8,255	4,359
Total expenses	8,255	4,359
Surplus/(deficit)	-	-

This appropriation links to these Tertiary Education Strategy objectives



Barrier-free access



Learners at the centre



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How we will assess performance

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

Measure	2022 Target	2021 Estimated Actual	2020 Actual
Entrepreneurial Universities' annual reports are reviewed and appropriate action is taken (Notes 1 and 2)	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.

Note 2 – Funding for Entrepreneurial Universities will end with the completion of the current contracts, over the next few years.

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 2021/22 \$000	Budget 2022/23 \$000
Workforce Development Councils		
REVENUE		
Crown revenue	50,150	65,000
Total revenue	50,150	65,000
Total expenses	50,150	65,000
Surplus/(deficit)	-	-

This appropriation links to these Tertiary Education Strategy objectives



How we will assess performance

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

Measure	2022 Target	2021/22 Estimated Actual	2020/21 Actual
All Workforce Development Councils have approved and funded Operational Plans in place by 30 June each year (Notes 1 and 2)	Achieved	Achieved	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.

Note 2 – We will continue to develop and add to this measure in the future.

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 responsible for Trainee Medical Intern Grant and Tertiary Teaching Awards.

	Forecast 2021/22 \$000	Budget 2022/23 \$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	5,609
Total revenue	19,868	20,413
EXPENSES		
Trainee Medical Intern Grant	14,604	14,604
Tertiary Teaching Awards	200	200
Ministry of Education administered awards	5,064	5,609
Total expenses	19,868	20,413
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 and Training Act 2020.

This appropriation links to this Tertiary Education Strategy objective



Barrier-free access



Learners at the centre



Quality teaching
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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.

Secondary-Tertiary Interface	Forecast 2021/22 \$000	Budget 2022/23 \$000
REVENUE		
Crown revenue	31,183	31,250
Total revenue	31,183	31,250
Total expenses	31,183	31,250
Surplus/(deficit)	-	-

He Akoako, he Whakangungu hoki i te Taumata Mātauranga Matua

Tertiary Tuition and Training

The single overarching purpose of this appropriation is to support and 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 three categories:

- › Access to and Success in Tertiary Education
- › Foundation and Community Education
- › Tertiary Education: Qualification Delivery.

The changes to the categories within the Tertiary Tuition and Training appropriation are to give effect to the implementation of the unified funding system for vocational education, part of the Reform of Vocational Education. The new funding arrangements come into effect for the 2023 calendar year and will be reflected in the performance results for the 2023/24 financial year.

These changes bring together funding for provider-based tuition at levels 3-7 (non-degree) on the New Zealand Qualifications Framework and funding for all industry training (previously in a separate category), to contribute to creating a strong, unified, sustainable vocational education system that delivers the skills that learners, employers and communities need to thrive.

The MCA revenue and expenditure tables reflect the new appropriation structure. The forecast 2021/22 figures are also aligned to the new structure.

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Tertiary Tuition and Training (MCA)		
REVENUE		
Crown revenue		
Access to and Success in Tertiary Education	74,415	73,229
Foundation and Community Education	274,482	292,741
Tertiary Education: Qualification Delivery	2,448,682	2,514,393
Total revenue	2,797,579	2,880,363
EXPENSES		
Access to and Success in Tertiary Education	74,415	73,229
Foundation and Community Education	233,811	292,741
Tertiary Education: Qualification Delivery	2,489,353	2,514,393
Total expenses	2,797,579	2,880,363
Surplus/(deficit)	-	-

This appropriation links to these Tertiary Education Strategy objectives

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

(C) TEC contributes to the result of this measure

Overall measure

Measure		2022 Target	2021 Estimated Actual	2020 Actual	Desired trend
Tertiary course completion rate (Note 1)	Course completion rate for provider-based learners (Note 2)	At least 81.2%	81.2%	Not applicable	▲
	Credit achievement rate for work-based learners (Note 3)	At least 66.6%	66.6%	Not applicable	▲

Note 1 – In future years, this new course completion measure will reflect the new funding system commencing in 2023. The result for this new measure reported in the TEC's 2022/23 Annual Report will reflect the 2022 calendar year and 2022 funding system.

Note 2 – The 2022 calendar year result for provider-based learners will reflect course completion by Student Achievement Component and Youth Guarantee-funded learners. From the 2023 calendar year onwards results will reflect the new unified funding system.

Note 3 – The 2022 calendar year result for work-based learners will reflect credit achievement by learners funded through the Industry Training Fund. From the 2023 calendar year onwards results will reflect the new unified funding system.

Access to and Success in Tertiary Education

This category is limited to improving access to and success in tertiary education and training for learners underserved by the tertiary system, including those identified in the Tertiary Education Strategy.

This category is intended to improve equity in access and success in tertiary education and training.

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Access to and Success in Tertiary Education		
REVENUE		
Crown revenue		
Equity Funding for level 7 (degree) and above	7,650	15,720
Learner funding for levels 3-7 (non-degree) and industry training	31,860	47,593
Hardship Fund for Learners	25,803	-
Māori and Pacific Trades Training (Top-ups)	9,102	9,916
Total revenue	74,415	73,229
EXPENSES		
Equity Funding for level 7 (degree) and above	7,650	15,720
Learner funding for levels 3-7 (non-degree) and industry training	31,860	47,593
Hardship Fund for Learners	25,803	-
Māori and Pacific Trades Training (Top-ups)	9,102	9,916
Total expenses	74,415	73,229
Surplus/(deficit)	-	-

How we will assess performance

Ⓒ TEC contributes to the result of these measures

Māori and Pacific Trades Training

Measure	2022 Target	2021 Estimated Actual	2020 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 35%	35%	34.45%	▲

Māori and Pacific enrolled in the work-based modes of delivery

Measure	2022 Target (Note 2)		2021 Estimated Actuals	
	Enrolment	Parity gap	Enrolment	Parity gap
Proportion of Māori and Pacific full-time equivalent learners at levels 3-7 (non-degree) enrolled in the work-based modes of delivery (including pathways to work) (Notes 1 and 2)				
Māori	New measure in 2023	New measure in 2023	Not applicable	Not applicable
Non-Māori and non-Pacific	New measure in 2023		Not applicable	
Pacific	New measure in 2023	New measure in 2023	Not applicable	Not applicable
Non-Māori and non-Pacific	New measure in 2023		Not applicable	

Note 1 – This new measure reflects the learners component of the unified funding system which comes into effect from 1 January 2023 and is part of the Reform of Vocational Education. This measure combines the enrolment results for two modes of delivery:

- Work-based mode of delivery: Learners study mainly in the workplace with supported self-directed learning.
- Work-based pathway to work mode of delivery: Learners have completed some study in the provider-based mode. Providers assist learners to find jobs with training agreements and support them to establish their learning in the workplace.

Note 2 – The unified funding system (UFS) will be implemented from 1 January 2023. The first year of reporting against these UFS learner component measures will reflect 2023 calendar year learner component funding received by providers. These measures will first be reported against in the Tertiary Education Commission's 2023/24 Annual Report, which will reflect 2023 calendar year measure results.

Foundation and Community Education

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

This category is intended to achieve improvement in foundational skills for learners by funding education and training programmes.

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Foundation and Community Education		
REVENUE		
Crown revenue		
Adult and Community Education	28,002	28,385
Literacy and Numeracy Provision	38,441	39,559
English for Speakers of Other Languages	18,003	20,173
Immigration Levy	426	-
Emergency Management Pool	1,504	1,636
Gateway	22,564	23,011
Foundation Education	165,542	179,977
Total revenue	274,482	292,741
EXPENSES		
Adult and Community Education	26,008	28,385
Literacy and Numeracy Provision	29,859	39,559
English for Speakers of Other Languages	15,621	20,173
Immigration Levy	-	-
Emergency Management Pool	1,092	1,636
Gateway	18,629	23,011
Foundation Education	142,602	179,977
Total expenses	233,811	292,741
Surplus/(deficit)	40,671	-

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	2022 Target	2021 Estimated Actual	2020 Actual	Desired trend
Intensive literacy and numeracy	At least 58.53%	58.53%	52.94%	▲
Workplace Literacy and Numeracy (tertiary education organisation - led)	At least 70.17%	70.17%	73.68%	▲
English for Speakers of Other languages	At least 91.25%	91.25%	92.97%	↔

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	2022 Target	2021 Estimated Actual	2020 Actual	Desired trend
Number of Adult and Community Education learner hours	At least 973,788	973,788	873,338	▲

Youth Guarantee

Measure	2022 Target	2021 Estimated Actual	2020 Actual	Desired trend
Percentage of Youth Guarantee learners completing qualifications at levels 2 or 3	At least 62.0%	62.0%	51.2%	▲

Gateway

Measure	2022 Target	2021 Estimated Actual	2020 Actual	Desired trend
Total participants and number of schools	14,000 ±5% in up to 375 schools	14,133 in 368 schools	14,660 in 386 schools	↕

Tertiary Education: Qualification Delivery

This category is limited to funding for teaching, training and learning services that support enrolled students at tertiary education organisations to achieve recognised tertiary qualifications and credentials.

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

	Forecast 2021/22 \$000	Budget 2022/23 \$000
Tertiary Education: Qualification Delivery		
REVENUE		
Crown revenue		
Qualifications at level 7 (degree) and above	1,696,814	1,702,382
Qualifications at levels 3-7 (non-degree)	749,514	809,643
Section 556 grants for School of Dance and School of Drama	2,354	2,368
Total revenue	2,448,682	2,514,393
EXPENSES		
Qualifications at level 7 (degree) and above	1,701,410	1,702,382
Qualifications at levels 3-7 (non-degree)	785,503	809,643
Section 556 grants for School of Dance and School of Drama	2,440	2,368
Total expenses	2,489,353	2,514,393
Surplus/(deficit)	(40,671)	-

Provider-based learning

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 qualifications 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	2022 Target	2021 Estimated Actual	2020 Actual	Desired trend
Qualification completion					
Percentage of funded students completing qualifications (Notes 1 and 2)	Levels 4-7 non-degree	At least 59.1%	59.1%	57.8%	▲
	Level 7 degree and above	At least 61.9%	61.9%	61.2%	▲

Measure	Level	2022 TEO commitments	2021 Estimated Actual	2020 Actual	Desired trend
Course completion					
Percentage of funded students completing courses (Notes 1 and 2)	Levels 1-10	83.6%	81.2%	83.2%	▲
Progression					
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		43.1%	40.7%	36.4%	▲
Retention					
First year retention rates for qualification at: (Note 1)	Levels 4-7 non-degree	58.9%	62.2%	59.3%	▲
	Level 7 degree and above	77.1%	76.2%	76.7%	▲

Note 1 – The 2022 calendar year result for qualification completion, course completion and retention will reflect completion by Student Achievement Component-funded learners. From the 2023 calendar year onwards results will reflect the new unified funding system.

Note 2 – The wording of this measure has been broadened in 2022/23 to enable future reporting on the delivery component of the unified funding system coming into effect on 1 January 2023.

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 qualifications 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	2022 Target Parity gap	Group	2021 Estimated Actual		2020 Actual		Desired trend (parity gap)
					Parity gap		Parity gap	
Qualification completion								
Percentage of funded students completing qualifications (Note 1)	Levels 4-7 non-degree	No more than -1.4 percentage points	Māori	58.6%	-1.4 percentage points	60.5%	+3.8 percentage points	▼
			Non-Māori and non-Pacific	60.0%		56.7%		
	Level 7 degree and above	No more than -14.8 percentage points	Māori	50.6%	-14.8 percentage points	49.4%	-15.1 percentage points	▼
			Non-Māori and non-Pacific	65.4%		64.5%		

Note 1 – The 2022 calendar year result for qualification completion, course completion and retention will reflect completion by Student Achievement Component-funded learners. From the 2023 calendar year onwards results will reflect the new unified funding system.



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

Measure	Level	Group	TEO commitments	2022 Target	2021 Estimated Actual		2020 Actual	Desired trend (parity gap)	
				Parity gap		Parity gap	Parity gap		
Course completion									
Percentage of funded domestic equivalent full-time students completing courses (Note 1)	Levels 1-10	Māori	78.9%	-7.6 percentage points	72.3%	-12.7 percentage points	73%	-14.2 percentage points	▼
		Non-Māori and non-Pacific	86.5%		85.0%		87.2%		
Progression									
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		Māori	43.1%	+0.2 percentage points	43.5%	+4.0 percentage points	37.0%	+0.8 percentage points	(Note 2)
		Non-Māori and non-Pacific	42.9%		39.5%		36.2%		
Retention									
First year retention rates for qualification at: (Note 1)	Levels 4-7 non-degree	Māori	57.2%	-2.6 percentage points	59.1%	-4.6 percentage points	54.3%	-6.9 percentage points	▼
		Non-Māori and non-Pacific	59.8%		63.7%		61.2%		
	Level 7 degree and above	Māori	70.2%	-9.3 percentage points	69.3%	-9.8 percentage points	69.1%	-9.8 percentage points	▼
		Non-Māori and non-Pacific	79.5%		79.1%		78.9%		

Note 1 – The 2022 calendar year result for qualification completion, course completion and retention will reflect completion by Student Achievement Component-funded learners. From the 2023 calendar year onwards results will reflect the new unified funding system.

Note 2 – Maintain 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	2022 Target Parity gap	Group	2021 Estimated Actual		2020 Actual		Desired trend (parity gap)
					Parity gap		Parity gap	
Qualification completion								
Percentage of funded students completing qualifications (Note 1)	Levels 4-7 non-degree	No more than -4.1 percentage points	Pacific	55.9%	-4.1 percentage points	55.7%	-1.0 percentage points	▼
			Non-Māori and non-Pacific	60.0%		56.7%		
	Level 7 degree and above	No more than -19.3 percentage points	Pacific	46.1%	-19.3 percentage points	47.7%	-16.8 percentage points	▼
			Non-Māori and non-Pacific	65.4%		64.5%		

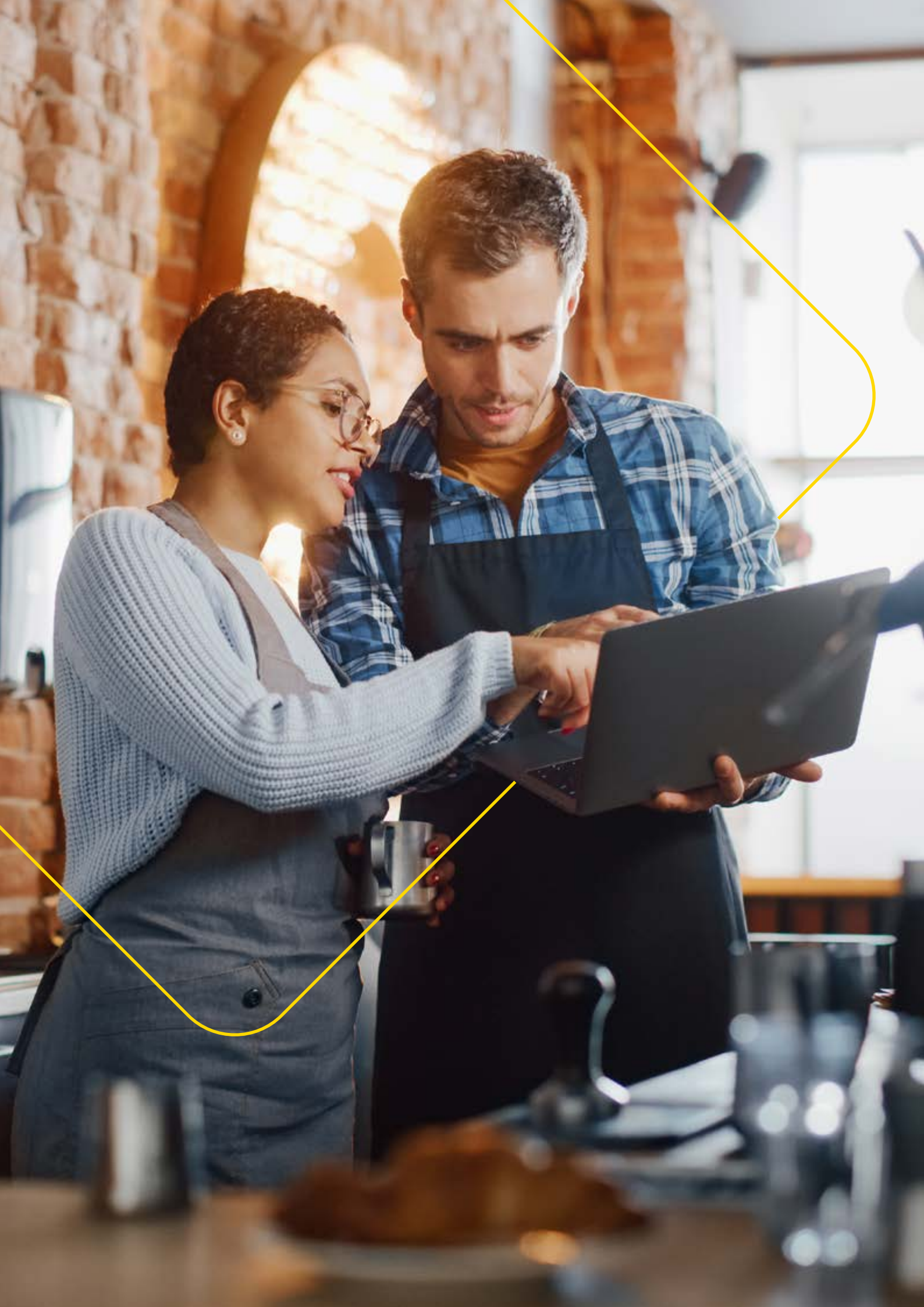
Note 1 – The 2022 calendar year result for qualification completion, course completion and retention will reflect completion by Student Achievement Component-funded learners. From the 2023 calendar year onwards results will reflect the new unified funding system.



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

Measure	Level	Group	TEO commitments	2022 Target	2021 Estimated Actual		2020 Actual	Desired trend (parity gap)	
				Parity gap		Parity gap	Parity gap		
Course completion									
Percentage of funded students completing courses (Note 1)	Levels 1-10	Pacific	75.9%	-10.6 percentage points	70.0%	-15.0 percentage points	73.2%	-14.0 percentage points	▼
		Non-Māori and non-Pacific	86.5%		85.0%		87.2%		
Progression									
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		Pacific	43.6%	+0.7 percentage points	39.2%	-0.3 percentage points	34.7%	-1.5 percentage points	▼
		Non-Māori and non-Pacific	42.9%		39.5%		36.2%		
Retention									
First year retention rates for qualification at: (Note 1)	Levels 4-7 non-degree	Pacific	53.2%	-6.6 percentage points	53.2%	-10.5 percentage points	52.4%	-8.8 percentage points	▼
		Non-Māori and non-Pacific	59.8%		63.7%		61.2%		
	Level 7 degree and above	Pacific	73.0%	-6.5 percentage points	71.6%	-7.5 percentage points	70.3%	-8.6 percentage points	▼
		Non-Māori and non-Pacific	79.5%		79.1%		78.9%		

Note 1 – The 2022 calendar year result for qualification completion, course completion and retention will reflect completion by Student Achievement Component-funded learners. From the 2023 calendar year onwards results will reflect the new unified funding system.



Work-based learning

How we will assess performance

C TEC contributes to the result of these measures

All learners

Measure	Group	2022 Target	2021 Estimated Actual	2020 Actual	Desired trend
Percentage completing programmes	All learners	At least 66.1%	66.1%	66.2%	▲
	Industry Trainees	At least 69.1%	69.1%	68.2%	▲
	Apprentices	At least 54.9%	54.9%	55.4%	▲

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

Measure	Group	2022 Target Parity gap	2021 Estimated Actual		2020 Actual		Desired trend (parity gap)
			Programme completion	Parity gap	Programme completion	Parity gap	
Percentage completing programmes	Māori	No more than -5.6 percentage points	61.3%	-5.6 percentage points	62.2%	-5.0 percentage points	▼
	Non-Māori and non-Pacific		66.9%		67.2%		

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

Measure	Group	2022 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 percentage points	65.4%	-1.5 percentage points	65.6%	-1.6 percentage points	▼
	Non-Māori and non-Pacific		66.9%		67.2%		

A person's hands are seen typing on a silver laptop. The laptop is placed on a surface of straw or hay. The background is a vast, open field of straw under a clear sky. A yellow curved line is overlaid on the image, separating the text from the background.

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 have made assumptions when preparing these forecast financial statements. This includes that the range and levels of service we currently provide will not change in 2022/23. These assumptions may differ from what happens. Changes to government policy, the economy, learner demographics, immigration trends and the make up of the number and type of learning institutions within Aotearoa 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 travel and office costs. We have also seen an impact on staff retention, recruitment and ability to secure suitable contractors for some programmes.

On the grants side we recognise that COVID-19 may impact the level of delivery during the year. The tertiary sector experienced high demand in 2021 and early data suggests this demand has softened in 2022. We are budgeting for expenditure to be in line with baselines in 2022/23.

Revenue

Revenue from the Crown is based on information contained in the 2022/23 Estimates of Appropriation, Vote Tertiary Education and Vote Education. In 2022/23 we plan to fully draw down our Crown revenue.

Interest income is based on the expected cash on hand and is budgeted to increase slightly in line with recent interest rate increases.

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:

- › 354.3 established full-time equivalent (FTE) roles and 41.5 FTE temporary roles where the majority are to cover RoVE and the COVID-19 impact on funding
- › project staff and contractors
- › other specialist contractors to cover capability or capacity requirements.

Personnel costs include an allowance for salary increases of 1.9 percent. We also make a 2.5 percent allowance for staff vacancies.

Depreciation and amortisation costs are calculated based on our current fixed assets and our proposed 2022/23 capital plan, adjusted to include accelerated depreciation from the reclassification of Software-as-a-Service arrangements.

Other expenses are calculated using a bottom-up approach and include \$4.0 million for ongoing or scheduled operating projects and initiatives in 2022/23.

Grants expenses

We forecast expenditure to be in line with baselines in 2021/22 and 2022/23.

We have a grants Balance Sheet Mechanism Facility (BMF) of \$80.2 million. We do not expect to use any BMF in 2021/22 or 2022/23.

The BMF can be used to manage cost pressures within and across financial years, including delivery of up to 102 percent of tertiary education organisation funding allocations, for any fund, after advising both the Minister and Ministry of Education. The BMF is not limited to delivery but can also be used to fund one-off initiatives with the consent of the Minister.

Tauākī Matapae mō te Tōtōpū o te Whakapaunga Pūtea

Forecast Statement of Comprehensive Revenue and Expense

For the year ended 30 June

	2022 Forecast \$000	2023 Budget \$000
REVENUE		
Grants revenue:		
Vote Education/Tertiary Education – Ministry of Education	3,833,677	3,853,978
Prior year recoveries – net	2,000	2,000
Total grants revenue	3,835,677	3,855,978
Operating revenue:		
Vote Tertiary Education – Ministry of Education	76,592	79,413
Contract – Pre-purchased English Language Tuition	429	442
Other revenue	3,358	1,248
Total operating revenue	80,379	81,103
Finance revenue:		
Interest – grants	215	400
Interest – operating	207	800
Total finance revenue	422	1,200
Total revenue	3,916,478	3,938,281

Forecast Statement of Comprehensive Revenue and Expense (continued)

For the year ended 30 June

	2022 Forecast \$000	2023 Budget \$000
EXPENSE		
Grants expense:		
Grants expense	3,833,177	3,853,478
Bad and doubtful debts	500	500
Total grants expense	3,833,677	3,853,978
Operating expense:		
Personnel costs	56,038	56,484
Amortisation	5,037	4,214
Depreciation	1,017	1,160
Other expenses	22,244	25,045
Total operating expense	84,336	86,903
Total expense	3,918,013	3,940,881
SURPLUS/(DEFICIT)		
Grants surplus/(deficit)	2,215	2,400
Operating surplus/(deficit)	(3,750)	(5,000)
Total comprehensive revenue and expense	(1,535)	(2,600)

Tauākī Matapae Tahua Putea

Forecast Statement of Financial Position

As at 30 June

	2022 Forecast \$000	2023 Budget \$000
CURRENT ASSETS		
Receivables	601,763	590,763
Cash and cash equivalents	91,372	85,432
Prepayments	1,000	1,020
Total current assets	694,135	677,215
NON-CURRENT ASSETS		
Intangible assets	20,228	30,227
Property, plant and equipment	5,222	5,699
Total non-current assets	25,450	35,926
Total assets	719,585	713,141
CURRENT LIABILITIES		
Payables	573,195	562,116
Pre-purchased English Language Tuition – fees in advance	13,422	11,181
Repayment of grants funding – Ministry of Education	501	400
Employee entitlements	3,776	4,008
GST payable	5,974	6,004
Provision for lease	150	150
Total current liabilities	597,018	583,859
NON-CURRENT LIABILITIES		
Provision for lease	718	569
Employee entitlements	700	714
Total non-current liabilities	1,418	1,283
Total liabilities	598,436	585,142
Net assets	121,149	127,999
EQUITY		
General funds	121,149	127,999
Total equity	121,149	127,999

Tauākī Matapae mō ngā Panoni Pūtea Moni

Forecast Statement of Changes in Equity

For the year ended 30 June

	2022 Forecast \$000	2023 Budget \$000
EQUITY		
Balance at 1 July	117,399	121,149
Capital contribution	5,500	9,850
Total comprehensive revenue and expense for the year	(1,535)	(2,600)
Repayment of grants interest – Ministry of Education	(215)	(400)
Balance at 30 June	121,149	127,999

Tauākī Matapae mō ngā Rerenga Moni

Forecast Statement of Cash Flows

For the year ended 30 June

	2022 Forecast \$000	2023 Budget \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Cash was provided from:</i>		
Grants – Ministry of Education	3,872,664	3,864,978
Grants – prior year recoveries	2,000	2,000
Operating – Ministry of Education	76,592	79,413
Operating – Pre-purchased English Language Tuition	56	239
Operating – other	7,284	711
	3,958,596	3,947,341
<i>Cash was applied to:</i>		
Grants payments	(3,865,271)	(3,864,578)
Grants – Pre-purchased English Language Tuition	(3,738)	(2,038)
Payments to employees	(55,743)	(56,262)
Other operating payments	(25,343)	(25,132)
GST – net	638	30
	(3,949,457)	(3,947,980)
Net cash flows from operating activities	9,139	(639)
CASH FLOWS FROM INVESTING ACTIVITIES		
<i>Cash was provided from:</i>		
Interest – operating	133	800
Sale of property, plant and equipment	56	-
	189	800
<i>Cash was applied to:</i>		
Purchase of intangible assets	(10,093)	(14,213)
Purchase of property, plant and equipment	(2,068)	(1,637)
	(12,161)	(15,850)
Net cash flows from investing activities	(11,972)	(15,050)

Forecast Statement of Cash Flows (continued)

For the year ended 30 June

	2022 Forecast \$000	2023 Budget \$000
CASH FLOWS FROM FINANCING ACTIVITIES		
<i>Cash was provided from:</i>		
Capital contribution – Ministry of Education	5,500	9,850
<i>Cash was applied to:</i>		
Repayment of grants funding – Ministry of Education	(25,178)	(101)
Net cash flows from financing activities	(19,678)	9,749
Net increase/(decrease) in cash and cash equivalents	(22,511)	(5,940)
Cash and cash equivalents at 1 July	113,883	91,372
Cash and cash equivalents at 30 June	91,372	85,432
Total comprehensive revenue and expense	(1,535)	(2,600)
Add non-cash items – depreciation and amortisation	6,054	5,374
Add non-cash items – loss on disposal of property, plant and equipment	805	-
Add net movements in working capital	4,163	(2,213)
Deduct interest income classified as investing activities	(133)	(800)
Deduct grants interest income classified within Repayment of grants funding – Ministry of Education	(215)	(400)
Net cash flows from operating activities	9,139	(639)

Te Nekenekehanga ka Matapaetia mō Ngā Rawa Kiko-kore

Movement of Forecast Intangible Assets

For the year ended 30 June

2022

	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Balance at 1 July	1,760	8,523	1,274	3,615	15,172
Transfers from work in progress	1,274	3,285	(1,274)	(3,285)	-
Amortisation and impairments	(1,030)	(4,007)	-	-	(5,037)
Additions	-	-	-	10,093	10,093
Balance at 30 June	2,004	7,801	-	10,423	20,228
Cost	9,310	36,232	-	10,423	55,965
Accumulated amortisation	(7,306)	(28,431)	-	-	(35,737)
Balance at 30 June	2,004	7,801	-	10,423	20,228

2023

	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Balance at 1 July	2,004	7,801	-	10,423	20,228
Transfers from work in progress	-	8,625	-	(8,625)	-
Amortisation and impairments	(458)	(3,756)	-	-	(4,214)
Additions	-	-	-	14,213	14,213
Balance at 30 June	1,546	12,670	-	16,011	30,227
Cost	9,310	44,857	-	16,011	70,178
Accumulated amortisation	(7,764)	(32,187)	-	-	(39,951)
Balance at 30 June	1,546	12,670	-	16,011	30,227

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

Movement of Forecast Property, Plant and Equipment

For the year ended 30 June

2022

	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Work in progress \$000	Total \$000
Balance at 1 July	2,418	947	-	514	321	4,200
Transfers from work in progress	-	1,376	-	400	(1,776)	-
Depreciation and impairments	(410)	(526)	-	(81)	-	(1,017)
Additions	-	-	-	-	2,068	2,068
Disposals	-	(29)	-	-	-	(29)
Balance at 30 June	2,008	1,768	-	833	613	5,222
Cost	4,366	4,501	132	1,220	613	10,832
Accumulated depreciation	(2,358)	(2,733)	(132)	(387)	-	(5,610)
Balance at 30 June	2,008	1,768	-	833	613	5,222

2023

	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Work in progress \$000	Total \$000
Balance at 1 July	2,008	1,768	-	833	613	5,222
Transfers from work in progress	-	2,250	-	-	(2,250)	-
Depreciation and impairments	(409)	(642)	-	(109)	-	(1,160)
Additions	-	-	-	-	1,637	1,637
Balance at 30 June	1,599	3,376	-	724	-	5,699
Cost	4,366	6,751	132	1,220	-	12,469
Accumulated depreciation	(2,767)	(3,375)	(132)	(496)	-	(6,770)
Balance at 30 June	1,599	3,376	-	724	-	5,699

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 2023

	Revenue \$000	Expenses \$000
Vote Tertiary Education:		
Non-Departmental Output Expenses		
Centres of Research Excellence	49,800	49,800
Establishment of a Single National Vocational Education Institution	16,000	16,000
Fees Free Payments	387,135	387,135
Strategic Funding for National and Regional Priorities	39,516	39,516
Support for Wānanga	23,000	23,000
Tertiary Education Research and Research-Based Teaching	315,000	315,000
Tertiary Sector / Industry Collaboration Projects	30,271	30,271
University-led Innovation	4,359	4,359
Workforce Development Councils	65,000	65,000
Tertiary Tuition and Training multi-category appropriation (MCA)		
Access to and Success in Tertiary Education	73,229	73,229
Foundation and Community Education	292,741	292,741
Tertiary Education: Qualification Delivery	2,514,393	2,514,393
Total Non-Departmental Output Expenses	3,810,444	3,810,444
Benefits and Other Unrequited Expenses		
Tertiary Scholarships and Awards	20,413	20,413
Total Benefits and Other Unrequited Expenses	20,413	20,413
Vote Education:		
Non-Departmental Output Expenses		
Secondary-Tertiary Interface	31,250	31,250
Total Non-Departmental Output Expenses	31,250	31,250
Total revenue/expense	3,862,107	3,862,107

Forecast Grants Revenue from the Crown and Planned Grants Expenses (continued)

For the year ended 30 June 2023

	Revenue \$000	Expenses \$000
Administered by Ministry of Education		
Quality Teaching Agenda	2,520	2,520
Scholarships and Awards	5,609	5,609
Administered by Tertiary Education Commission	3,853,978	3,853,978
Total revenue/expenses	3,862,107	3,862,107
Prior year recoveries – net	2,000	-
Administered by Tertiary Education Commission	3,853,978	3,853,978
Total grants revenue/expenses	3,855,978	3,855,978

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 Aotearoa New Zealand and our ultimate parent is the New Zealand Crown.

Our primary objective is to provide services to the Aotearoa 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 and Training Act 2020 and Crown Entities Act 2004, which include the requirement to comply with generally accepted accounting practice in Aotearoa 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 and capital 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 page 76 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 2022/23 - 2025/26* and this *Statement of Performance Expectations 2022/23*. 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 lease 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 2023 our funding will only be confirmed up until 30 June 2024.
- › 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 organisations 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, so long as they are not considered a Software-as-a-Service (SaaS) arrangement.

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. Useful lives range from three to eight years and their associated amortisation rates range from 12.5 to 33 percent on a straight-line basis.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing us with the right to access the cloud provider's application software over the contract period. As such we do not receive a software intangible asset at the contract commencement date. (A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.)

We recognise all costs associated with SaaS arrangements as an expense as the service is received.

Impairment of intangible assets and property, plant and equipment**Cash-generating assets**

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 amounts may not be recoverable. An impairment loss for an individual asset 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 unit's 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 and furniture and fittings.

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.

All costs incurred on assets under construction are recognised at cost less impairment within work in progress and are not depreciated. When the asset is complete and ready to use, the costs are transferred to the appropriate asset class and begin being 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 accounted for 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:

Class	Useful Life	Depreciation Rate
Leasehold improvements	Life of lease	
Computer equipment	2.4 to 5 years	20% to 40% straight line
Office equipment	5 years	20% straight line
Furniture and fittings	10 years	10% 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 page 76 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 any 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:

- › maintaining an appropriate fixed asset register, which is regularly reconciled and updated
- › 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 where we either expect to keep them in use beyond their useful lives or have significantly reduced their useful lives. The effect of these changes on expected amortisation expense is in the following table.

Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions that impact SaaS arrangements:

- › Customer’s right to receive access to the supplier’s software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term
- › Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

Our accounting policy has historically been to capitalise all costs related to SaaS arrangements as an intangible asset in the statement of financial position. The adoption of the above agenda decisions has resulted in a reclassification of these intangible assets to recognition as an expense in the statement of comprehensive revenue and expense. We have identified three intangible assets that should have been recognised as SaaS arrangements and the effect of these changes on expected amortisation expense is in the following table.

	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000
(Decrease)/increase in amortisation expense	251	(1,125)	(880)	(880)	(438)

Measuring retirement and long-service leave obligations

The present value of retirement and long-service leave obligations depends 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 Aotearoa New Zealand.

Critical judgements in applying accounting policies**Lease's 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.

Tikanga me te whakatinana

Values and behaviours

Our values and behaviours reflect the essence of who we are, guide the way we work together and are pivotal to achieving our strategic intentions







**Tertiary Education
Commission**
Te Amorangi Mātauranga Matua

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