



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.... tina
Haumi e, hui e
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



Ko Te Amorangi Mātauranga Matua me Te Tiriti o Waitangi

The Tertiary Education Commission and the Treaty of Waitangi

The Tertiary Education Commission (TEC) recognises and affirms our responsibility to give effect to Te Tiriti o Waitangi:

- › We will give practical effect to Te Tiriti o Waitangi in our work across the tertiary education and careers system.
 - › We will ensure that our work is consistent with Te Tiriti o Waitangi-related goals of the Education Work Programme, the Tertiary Education Strategy and Ka Hikitia.
 - › We acknowledge our responsibility to Te Tiriti o Waitangi in its entirety, including taking into account the interests of whānau, hapū, iwi and Māori.
 - › In particular, through our Ōritetanga Learner Success work programme, we will give 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 and stewardship of the tertiary education system.
 - › We will support the Crown to meet its duties to actively protect the taonga of te reo Māori, mātauranga Māori and a strong wānanga system of tertiary educational delivery.
-



Ngā Ihirangi

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Tauākī Whakamaunga Atu

Statement of Responsibility

This *Statement of Performance Expectations 2023/24* is produced in accordance with the requirements of sections 149B to 149M of 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 2023/24* is consistent with the appropriations contained in the Estimates of Appropriations for the year ending 30 June 2024. 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

12 June 2023



Alastair MacCormick
Chair

Whatitata Whakau –
Risk and Assurance Committee
Tertiary Education Commission

12 June 2023



Dr Wayne Ngata
Amokura

Tertiary Education Commission

12 June 2023

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 a 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 2023/24

This Statement of Performance Expectations sets out our performance expectations for 2023/24

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* [tec.govt.nz/corporate-publications]

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. We are governed by a Board of Commissioners appointed by the Minister of Education.

We lead the Government's relationship with the tertiary education and training sector in New Zealand and, as New Zealand's careers agency, provide careers services from education to employment.

Our investment in the tertiary education system supports more than 680 tertiary education organisations across New Zealand to provide all forms of post-secondary school education, including foundation education, vocational education and training and higher education (including research).

Our investment helps to ensure a network of provision that meets the needs of different learners and communities.

We provide occupational and educational information to build links between schools, tertiary providers, employers and communities, to ensure learners are ready for work and further study.

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 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 emphasises 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 aramahi

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

Through our work we support learners to understand and take hold of their lifelong opportunities 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 have the skills, knowledge and confidence they need 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.

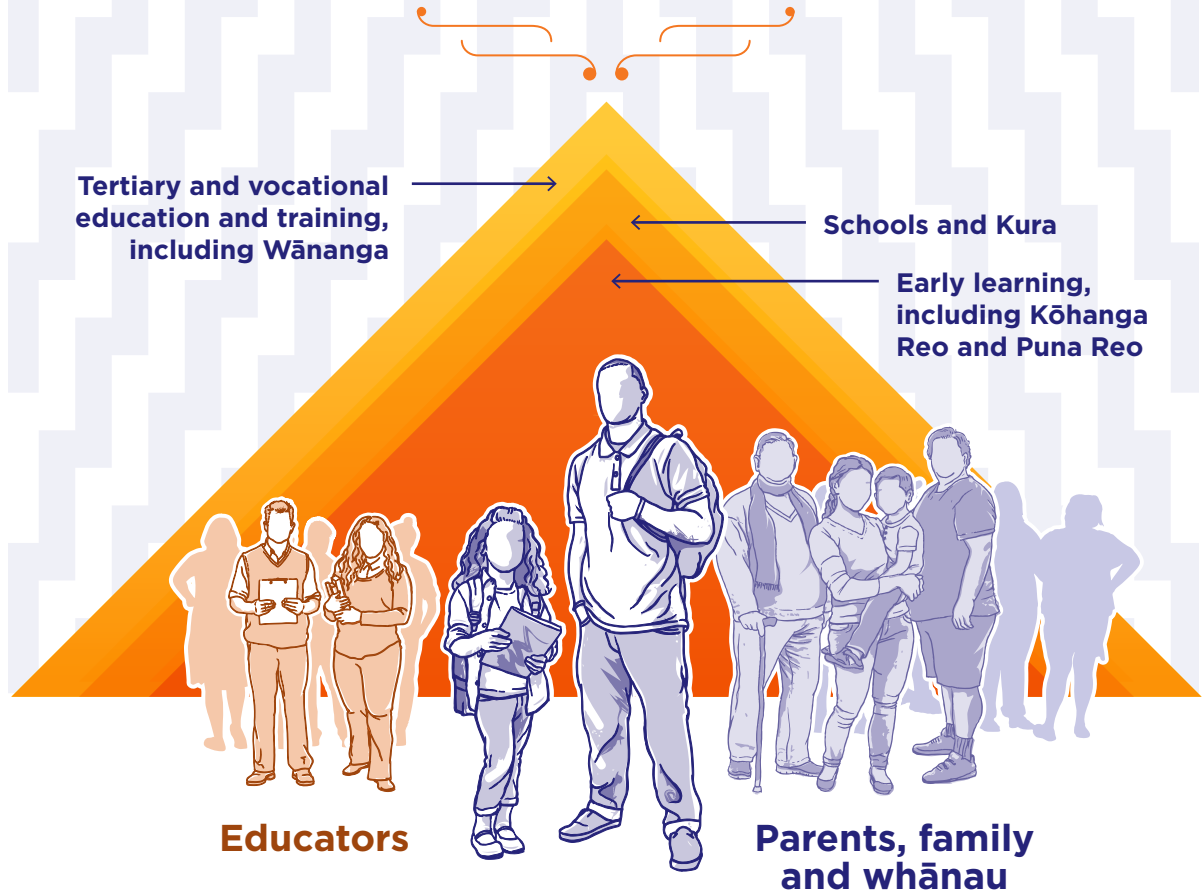
Key partners include the Ministry of Education (MoE), Ministry of Business, Innovation and Employment (MBIE), Ministry of Social Development (MSD), Education New Zealand (ENZ) and the New Zealand Qualifications Authority (NZQA).



We also work with public and private entities across Aotearoa New Zealand to ensure the tertiary education and careers systems are responsive to regional and national need. This includes the Career Development Association of New Zealand (CDANZ), Careers and Transition Education Association NZ (CATE), 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. They allow us to build quality connections with industries and employers to ensure the tertiary education system delivers for the regions and industries they represent.

Inclusive, equitable and connected learning



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



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. For more information about our strategy, see Kete whiri: Our Strategy [tec.govt.nz/our-strategy]

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
Learner
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

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, 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 drive system-wide equity of participation and educational achievement. The programme aims to ensure all parts of the system 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 (ie, iwi/Māori and Pacific communities, businesses and industry)
- › there are capable, focused and accountable tertiary education organisations and sector leadership at all levels
- › TEC investment processes support and incentivise good outcomes for all learners
- › TEC itself has the internal capacity, capability and external relationships required to drive change.



We have developed a Learner Success Framework, which is a blueprint for transformational change. It provides tertiary education organisations 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.

All tertiary education institutions are now required to submit Learner Success Plans (LSPs) and Disability Action Plans as a key part of the Investment Plan process. LSPs detail how each organisation will achieve equity for its learners. We now have a baseline for where a large portion of the system is at on the learner success journey, and an understanding of the distance needed to travel to achieve system-level equity.

Te tautoko i ngā tāngata ki te whakatau take aramahi me te ako

Supporting people to make careers and study decisions

The TEC is New Zealand's careers agency. We have a legislative role to provide occupational and educational information and to build links between schools, tertiary providers, employers and communities to ensure learners are ready for work and further study.

We do this through:

- › providing a suite of information and tools to support career decisions
- › ensuring linkages with our investment function
- › partnering with agencies and communities to improve career outcomes.

We are developing a new career planning tool called Tahatū, due to be launched in 2024. Tahatū will draw on several government data sources to be the first free, culturally affirming, data integrated, comprehensive online career planning information and advice tool that is available for all New Zealanders. The first release in 2024 will target secondary students. Ongoing development will broaden the tools and resources to reach mid-career changers and other audiences, such as employers.

We continue to run the Inspiring the Future programme which connects children aged 7 to 13 with volunteer role models from the world of work.

Our role as New Zealand's careers agency includes monitoring the careers system. We also provide advice to the Minister on the current state of the system and improvements being made to it.

The TEC has led the development of a National Careers System Strategy (NCSS). This has been a collaborative approach, working closely with Māori, key agencies and industry bodies, and priority group representatives to create a strategy for everyone in Aotearoa New Zealand. A transformational NCSS will be collectively implemented from 2023.

The NCSS will:

- › cover the entire careers system
- › target all New Zealanders
- › take into account other related government strategies
- › draw on current data and research to understand what has been working and what can be improved on.



The Tertiary Education Strategy

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

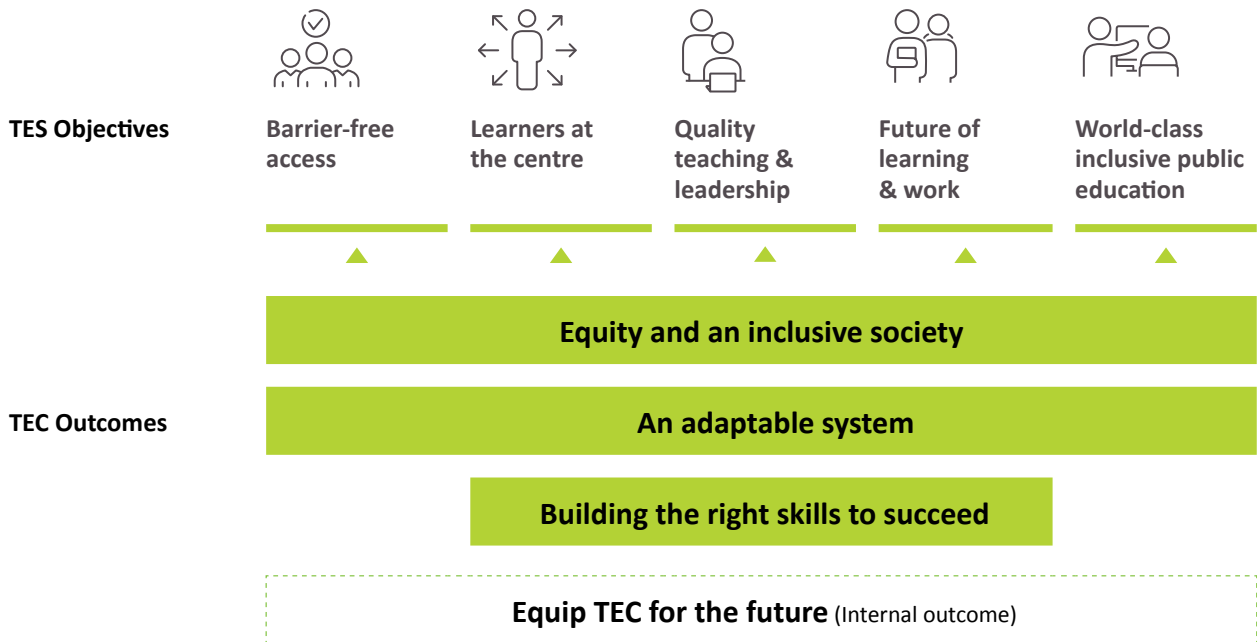
The TEC is required by the Education and Training Act 2020 to give effect to the TES. Our TEC Strategy has been designed to reflect this and respond to the five TES objectives.

Detailed information about our strategic intentions and each of our four outcomes can be found in our *Statement of Intent 2022/23 – 2025/26* [tec.govt.nz/corporate-publications]

For more information about the TES, see The Statement of National Education and Learning Priorities (NELP) and the Tertiary Education Strategy (TES) [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. While some appropriations could be aligned to several TES objectives, we have focused on showing key links.

An appropriation is a sum of money authorised by Parliament for a particular use. Appropriations enable us to invest in tertiary education and support the tertiary education and careers systems.

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 |
|---------------------|------------------------|-------------------------------|---------------------------|--|

TEC strategic outcomes

Equity and an inclusive society



An adaptable system



Building the right skills to succeed



Equip TEC for the future



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 System | | ✓ | | ✓ | |

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

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



We will spend over

\$3.9 billion

investing in tertiary education and supporting the tertiary education and careers systems

This document sets out the Vote Tertiary Education and Vote Education appropriations that we are responsible for reporting against. It shows the amount we are budgeted to spend through each appropriation in 2023/24 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 measures reflect our role in implementing policy.

We have also identified the measures we contribute to, through investment in the tertiary education sector. These measures focus on policy outcomes. The results of these measures are impacted by other factors 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> | <p>↔ Maintain</p> |



These appropriations support the tertiary education and careers systems

Administration of and Support for the Tertiary Education and Careers Systems

\$69.4 million

Vocational Education Data System

\$7.9 million

We use these appropriations
to invest in tertiary education

Tertiary Tuition and Training

\$2,955.3 MILLION



Fees Free Payments

\$318.3
million

Tertiary Education Research and Research-Based Teaching

\$315.0
million

Strategic Support for National and Regional Priorities

\$77.4
million

Workforce Development Councils

\$65.0
million

Centres of Research Excellence

\$49.8
million

Secondary-Tertiary Interface

\$31.8
million

Tertiary Sector / Industry Collaboration Projects

\$27.1
million

Tertiary Scholarships and Awards

\$20.6
million

Support for Wānanga

\$12.0
million

University-led Innovation

\$0.8
million



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

We support
the tertiary
education and
careers systems



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

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 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
- › 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. We maintain a database of occupations, qualifications, articles and tools in careers.govt.nz. We also engage with industry and employers to ensure there is a strong connection between schools, industries and employers to strengthen the pathways from education to employment.



Ngā rohenga pūtea kāwanatanga mā te Mātauranga Matua

Vote Tertiary Education appropriations

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

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 achieve effective and well-managed tertiary education and careers systems.

| Administration of and Support for the Tertiary Education and Careers systems | Forecast 2022/23 \$000 | Budget 2023/24 \$000 |
|---|------------------------------|----------------------------|
| REVENUE | | |
| Crown revenue – Tertiary Education Commission | 80,398 | 69,371 |
| Crown revenue – Māori Education Trust (Ministry of Education administered) | 109 | 109 |
| Contract – Pre-purchased English Language Tuition | 362 | 358 |
| Interest | 1,055 | 973 |
| Other revenue | 2,014 | 1,224 |
| Total revenue | 83,938 | 72,035 |
| EXPENSES | | |
| Tertiary Education Commission | 87,297 | 74,430 |
| Māori Education Trust (Ministry of Education administered) | 109 | 109 |
| Total expenses | 87,406 | 74,539 |
| Surplus/(deficit) | (3,468) | (2,504) |

In 2022/23, we received \$10.7 million of Crown funding for implementing the Reform of Vocational Education (RoVE) programme. The programme concludes in June 2023. From 2023/24 onwards, we will not receive specific RoVE funding and RoVE will be managed as part of TEC's business as usual costs. There is a corresponding reduction in expenses.

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

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

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

This year we have developed a number of new measures to increase our ability to show how we will assess our performance when carrying out our statutory functions and core business and how we will assess the impact of our activities. In the tables below these are shown as **new measures**.

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 | 30 June 2025 Target | 2022/23 Estimated Actual | 2021/22 Actual | Desired trend |
|--|---------------------|--------------------------|----------------|---------------|
| Inspiring the Future (Notes 1 and 2) – new measures | | | | |
| Number of completed events online and in person (Note 3) | 550 | 212 | 67 | ▲ |
| Number of unique school sign-ups (Note 4) | 625 | 274 | 125 | ▲ |

Note 1 – Inspiring the Future (ItF) is a programme to connect children aged 7–13 with volunteer role models from the world of work, in a fun and inspiring online or in-person event. A large number of young people surveyed had narrow aspirations, which is indicative of the wider population. ItF is designed to broaden career horizons by sharing relatable stories on career options and pathways.

Note 2 – The figures in this table are cumulative (the 212 completed events in 2022/23 include the 67 events completed in 2021/22). We are working towards achieving the target figures by 30 June 2025.

Note 3 – This new measure will track uptake of ItF and assess how well the programme is meeting its aim of supporting ākongā in New Zealand to broaden their aspirations around the types of jobs they can do regardless of their background, gender, social conditions or ethnicity.


Note 4 – This new measure will track engagement of schools with the ItF programme and gauge the effectiveness of the TEC's work to increase the number of schools signing up.



| Measure | 2023/24 Target | 2022/23 Estimated Actual | 2021/22 Actual | Desired trend |
|--|----------------|--------------------------|----------------|---|
| Percentage of careers system stakeholders who agree that our online information and tools are useful | At least 81% | 81% | 81% |  |

| Measure (trend information only) | 2021/22 Actual | 2020/21 Actual | 2019/20 Actual |
|--|-----------------------|-----------------------|-----------------------|
| Percentage of people seeking to make a learning or work decision that agree the information and tools provided by the TEC assisted that decision | Learning decision 77% | Learning decision 76% | Learning decision 66% |
| | Work decision 66% | Work decision 75% | Work decision 50% |

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

Funding tertiary education organisations

| Measure | 2023/24 Target | 2022/23 Estimated Actual | 2021/22 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% |  |

| Measure | 2023 Target | 2022 Estimated Actual | 2021 Actual | Desired trend |
|--|---|-----------------------|-------------|---|
| New measures | | | | |
| The right amount of funds are allocated to the right areas (Notes 1, 2 and 3): | | | | |
| – Percentage of available funding invested | Funding invested At least 93.3% | 93.3% (Note 2) | 100.53% |  |
| – Recovered funding as a percentage of total funding invested | Recovered funding No more than 2.66% | 2.66% (Note 2) | 0.23% |  |

Note 1 – These two new measures will assess whether the right amount of funds was allocated to the right areas, meaning there are no missed investment opportunities.

Note 2 – 2022 Estimated Actual figures are preliminary calculations as at 1 February 2023. Funds included are: Student Achievement Component (SAC) Levels 1 to 3; SAC Levels 3 plus; Youth Guarantee and Industry Training Fund.

Note 3 – From the 2023 calendar year, results for this measure will be calculated using the Unified Funding System (UFS), Youth Guarantee and delivery on the New Zealand Qualifications and Credentials Framework (NZQCF) at Levels 1 and 2.

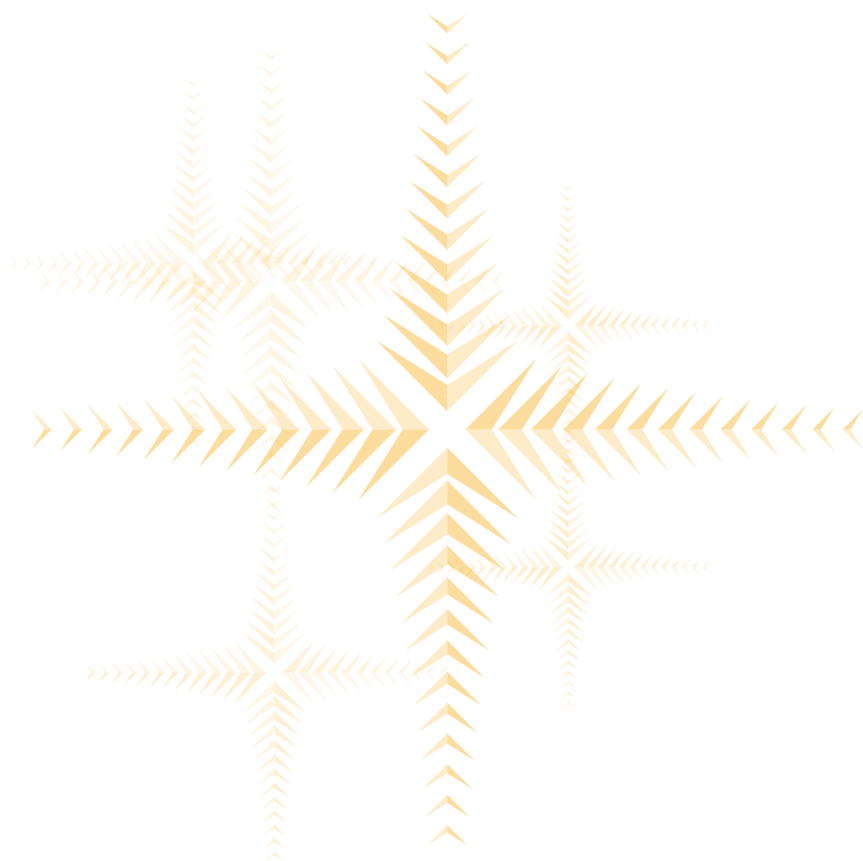
Growing the capability of tertiary education organisations

| Measure | 2023/24 Target | 2022/23 Estimated Actual | 2021/22 Actual | Desired trend |
|---|--|--|--|---------------|
| Percentage of tertiary education institutions' council members and support staff attending our governance seminars or webinars who agree that they gained relevant knowledge to apply to their work | At least 97% | 100% | 100% | ↔ |
| Percentage of tertiary education organisations that agree that engagement (face-to-face, phone and email) with the TEC was useful | At least Face-to-face – 77% Phone – 73% Email – 60% | At least Face-to-face – 77% Phone – 73% Email – 60% | Face-to-face – 77% Phone – 73% Email – 60% | ↕ |

Monitoring the performance of tertiary education organisations

| Measure | 2023/24 Target | 2022/23 Estimated Actual | 2021/22 Actual | Desired trend |
|--|----------------------|--------------------------|----------------|---------------|
| The satisfaction rating given by the Minister of Education on the TEC's monitoring advice related to Te Pūkenga and tertiary education institutions (Note 1) | At least 7 out of 10 | At least 7 out of 10 | 8 out of 10 | ↕ |

Note 1 – The survey rating measures the Minister of Education's satisfaction with the quality of advice on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.



Narrative performance assessment

We have put in place a new narrative assessment approach for the following two measures. This allows us to focus more clearly on the measures' intent and provide more detailed contextual information on how these are assessed and reported. It will also allow the TEC's annual report to include performance results as a narrative and tell a fuller performance story.

New measure:

Annual assessments are undertaken to understand the financial viability risk, for tertiary education organisations that receive over \$50,000 in TEC funding, and Workforce Development Councils (WDCs).

The TEC monitors the financial viability of the organisations it funds. The outputs of the TEC's financial monitoring inform the TEC investment process as well as, where appropriate, engagement and interventions to understand, monitor and respond to risks at both an organisation and system level. This work helps to ensure a financially resilient tertiary education sector and protects learners' interests.

This measure replaces the previous survey measure, which was limited to measuring the transparency and accessibility of the audit processes.

What we want to achieve:

All tertiary education organisations (receiving over \$50,000 in TEC funding) and Workforce Development Councils are assessed at least once a year against the relevant financial monitoring framework or requirement.

We will provide information about the assessment of organisations during the financial year, both as a narrative under this appropriation and in the monitoring section of TEC's annual report.

Prior year information:

The TEC received and reviewed financial information from all tertiary education institutions. Of the 201 private training establishments (PTEs) with over \$50,000 of funding in 2023, TEC has received and reviewed financial information from 200. One PTE is overdue in submitting the required information to the TEC.

WDCs were established in October 2021, with their first annual reports prepared for the nine-month period to 30 June 2022. Therefore, financial information was not available for the period to 30 June 2022. However, the TEC has since reviewed all six WDC annual reports, as well as operating budgets for the financial year to 30 June 2023.

Strengthen the connections from education to employment

New measure:

Evidence that the Tertiary Education Commission's investment decisions give effect to Workforce Development Councils' advice.

This new measure is intended to demonstrate that Workforce Development Council (WDC) advice on investment priorities informs the TEC's investment. The TEC is also required to have regard to WDC advice when assessing Investment Plans and to give effect to WDC advice on the mix of vocational education and training. Part (a) of this measure replaces our prior survey measure which was limited to assessing the overall usefulness of the TEC's Plan Guidance and Toolkit. This measure also replaces our prior survey measure, which was unspecific and broad in scope, and related to connections between schools, tertiary education organisations (TEOs) and employers.

What we want to achieve:

The narrative in the TEC's annual report will provide information to demonstrate that:

- a) *Plan Guidance reflects WDC national and regional advice*
- b) *targeted priorities committed to in Investment Plans reflect WDC national and regional priorities.*

Plan Guidance describes the information that TEOs are expected to provide in their Investment Plans and explains how this information will be assessed.

TEO Investment Plans inform funding decisions. They include a TEO's mission and role, strategic intentions, the activities and programmes it will carry out and how performance will be measured.

Prior year information:

WDC national and regional advice was reflected on pages 9 to 13 of the Supplementary Plan Guidance for investment from 2023 [tec.govt.nz/spe/plan-guidance]

No prior year information is available for the targeted priorities measure as 2023 will be the first year that we will identify targeted priorities committed to in Investment Plans and assess the extent to which they reflect WDC priorities.

Encourage and reward research excellence

| Measure | 2023 Target | 2022 Estimated Actual | 2021 Actual |
|---|--------------------------|-----------------------|----------------|
| New measure | | | |
| Cabinet decisions implemented as scheduled (Note 1) | Achieved (baseline year) | Not applicable | Not applicable |

Note 1 – Our work programme activities to be completed in 2023 will contribute to the implementation of Cabinet decisions and include publication of the Guidelines for 2026 and the Audit Methodology. We will begin project managing the IT system build in 2023 and complete it in 2024. We will be reporting on the implementation of Cabinet decisions in our annual report.

Historical information:

Cabinet decisions were announced in early July 2021. Later in July we set up a sector reference group to consult on how best to implement the following Cabinet decisions:

- › A broader and more diverse range of research outputs and outcomes are recognised and assessed as excellent through the Quality Evaluation.
- › Māori researchers and research, including Mātauranga Māori, are better recognised and rewarded through the Quality Evaluation, resulting in more positive experiences for participants and reduced inequities in results.
- › A broader and more diverse range of research is assessed as excellent in the Quality Evaluation and inequities across disciplines and epistemologies decrease.
- › Female, part-time, early career, disabled, Māori, Pacific, and ethnic minority researchers who participate in the Quality Evaluation experience fewer inequities both in terms of their experiences of participation and in the results of the exercise.

Design tertiary education and careers systems that are capable of delivering on equity

| Measure (trend information only) | 2022 Estimated Actual | 2021 Actual |
|---|------------------------------|----------------|
| Number of tertiary education organisations that are delivering on the milestones in their Learner Success Plans (Note 1) | See narrative below (Note 2) | Not applicable |
| Number of tertiary education organisations that have a Learner Success Plan that includes a roadmap of tangible goals and milestones (Note 1) | 22 | Not applicable |

Note 1 – 2022 Learner Success Plans (LSPs) are part of the Investment Plans for 2023 funding of tertiary education organisations (TEOs). The figure includes TEOs that were Plan-required and receive over \$5 million in funding, and mid-cycle tertiary education institutions (all of which had to submit an LSP).

Note 2 – As 2022 was the first year that LSPs included progress milestones, we will not see who is delivering on their milestones until we have the 2023 calendar year results. We will report 2023 results in our annual report for the year ended 30 June 2024. In 2022, we can report that tertiary education institutions are progressing against their milestones.

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

| Measure | 2023/24 Target | 2022/23 Estimated Actual | 2021/22 Actual | Desired trend |
|--|-----------------------------|---|---------------------------|---------------|
| The overall satisfaction rating given by the Minister of Education on the Tertiary Education Commission (Note 1) | At least 7 out of 10 | At least 7 out of 10 | 8 out of 10 | |
| New measure System review learnings are shared with the Minister and the sector (Note 2) | Achieved (Baseline year) | See narrative (Note 3) | See narrative (Note 4) | Achieved |
| New measure The satisfaction rating given by the Minister of Education on the TEC's advice related to the careers system (Notes 1 and 5) | At least 7 out of 10 | At least 7 out of 10 (Baseline year) | Not applicable | |

Note 1 – The survey rating measures the Minister of Education's satisfaction with the quality of advice on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.

Note 2 – This new measure will report on the sharing of topic-based (non-tertiary education organisation-specific) reviews that help the TEC perform its role as steward of the system.

Note 3 – To date this financial year we have undertaken two system reviews, one on Fees Free reporting for zero fees courses and one on the charging of learner fees following the end of the Targeted Training and Apprenticeship Fund. Learnings from both reviews have already been shared with the sector via TEC monitoring updates and direct engagement with specific tertiary education organisations (TEOs).

Note 4 – During 2021/22 we completed two system reviews, both relating to private training establishments (PTEs). One reviewed our monitoring of the PTEs classified as a high financial viability risk and the other examined PTEs that were forecasting underdelivery against full-year targets for 2021 and potential interventions. Information about the outcomes of these reviews was published on p. 61 of the *Tertiary Education Commission Annual Report for the year ended 30 June 2022* [tec.govt.nz/corporate-publications]

Note 5 – The intent of this new measure is to demonstrate that we are effectively monitoring the careers system and providing well-informed advice to the Minister of Education.





Te Pūnaha ā-Tuihono mō Ngā Aramahi

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.

The new online careers planning tool that the TEC is developing is called Tahatū. Tahatū will help people in Aotearoa New Zealand confidently make career plans that work for them.

| | Forecast 2022/23 \$000 | Budget 2023/24 \$000 |
|--|------------------------------|----------------------------|
| Careers System Online | | |
| Crown capital contribution (Note 1) | 2,000 | - |
| Total expenses | 2,995 | - |
| Under/(over) spend | (995) | - |

Note 1 – The Crown capital contribution received by TEC equals the Government’s actual expenses incurred in relation to the appropriation.

This appropriation runs from 2020/21 to 2022/23 and totals \$15 million. The 2022/23 overspend is funded from previous year underspends retained on TEC’s Balance Sheet. Over the full three-year period, the full \$15 million will be spent. Any further Tahatū costs will be funded from the Administration of and Support for the Tertiary Education and Careers Systems appropriation.

This appropriation links to these Tertiary Education Strategy objectives



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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

Narrative performance assessment

We have put in place a new narrative assessment approach for this measure. This allows us to focus more clearly on the measure's intent and provide more detailed contextual information on how it will be assessed and reported. It will also allow the TEC's annual report to include performance results as a narrative and tell a fuller performance story.

Measure:

A suite of integrated web-based tools and datasets is developed and delivered as scheduled in the Careers System Online Initiative Product Roadmap.

The TEC is developing a new career planning tool called Tahatū. It will draw on several government data sources to be the first free, culturally affirming, data integrated, comprehensive online career planning information and advice tool that is available for all New Zealanders. The first release in 2024 will target secondary students. Ongoing development will broaden out the tools and resources to reach mid-career changers and other audiences such as employers.

The Careers System Online Initiative Product Roadmap focuses on building the core system first, delivering the ability to explore career advice pages, tertiary study and training options, career options and make a personalised career plan.

What we want to achieve:

Tahatū is launched nationwide in calendar year 2024.

We will update and enhance the product beyond the national launch. During this period the existing careers.govt.nz website will continue to be operational. We plan to decommission careers.govt.nz in calendar year 2025.

We will provide information about the launch of Tahatū and the programme delivery plan, both as a narrative under this appropriation and in the careers section, in the TEC's annual report.

Prior year information:

The programme was reviewed and re-baselined in December 2022.

We extended the schedule so we could deliver additional functionality identified in the review as critical to the programme. This includes a comprehensive data management solution; and a function that enables users to save items of interest while browsing and exploring the site, for reuse in goal-based planning. The programme is tracking successfully to the revised delivery plan and launch of Tahatū in calendar year 2024.

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 2022/23 \$000 | Budget 2023/24 \$000 |
|--|------------------------------|----------------------------|
| Vocational Education Data System | | |
| Crown capital contribution (Note 1) | - | 7,850 |
| Total expenses | 4,259 | 6,739 |
| Under/(over) spend | (4,259) | 1,111 |

Note 1 – The Crown capital contribution received by TEC equals the Government’s actual expenses incurred in relation to the appropriation.

This appropriation runs from 2021/22 to 2023/24 and totals \$13.85 million. Any timing differences between the Crown capital contribution received and expenditure incurred are funded by TEC’s Balance Sheet.

This appropriation links to these Tertiary Education Strategy objectives



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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

Narrative performance assessment

We have put in place a new narrative assessment approach for this measure. This allows us to focus more clearly on the measure's intent and provide more detailed contextual information on how it will be assessed and reported. It will also allow the TEC's annual report to include performance results as a narrative and tell a fuller performance story.

Measure:

The development of information technology capability to support the implementation of the Unified Funding System for vocational education is progressing.

The Unified Funding System (UFS) is the final element of structural change to be delivered as part of the Reform of Vocational Education (RoVE). Completion and implementation of a long-term technical solution for the UFS is a multi-year project.

What we want to achieve:

The second phase will be completed in time to enable the tertiary education organisations to submit additional Unified Funding System data to the Tertiary Education Commission from July 2024.

The second phase involves standardising processes for collecting provider-based and work-based data from tertiary education organisations (TEOs). This will enable us to collect commitments from TEOs in mid-2024 for the 2025 investment round and to collect performance data from January 2025.

Information about completing the second phase of this programme will be provided as a narrative under this appropriation in the TEC's annual report.

Prior year information:

In 2021/22, we completed the tactical solution for collecting commitments data and began developing the tactical solution for collecting actuals data.

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

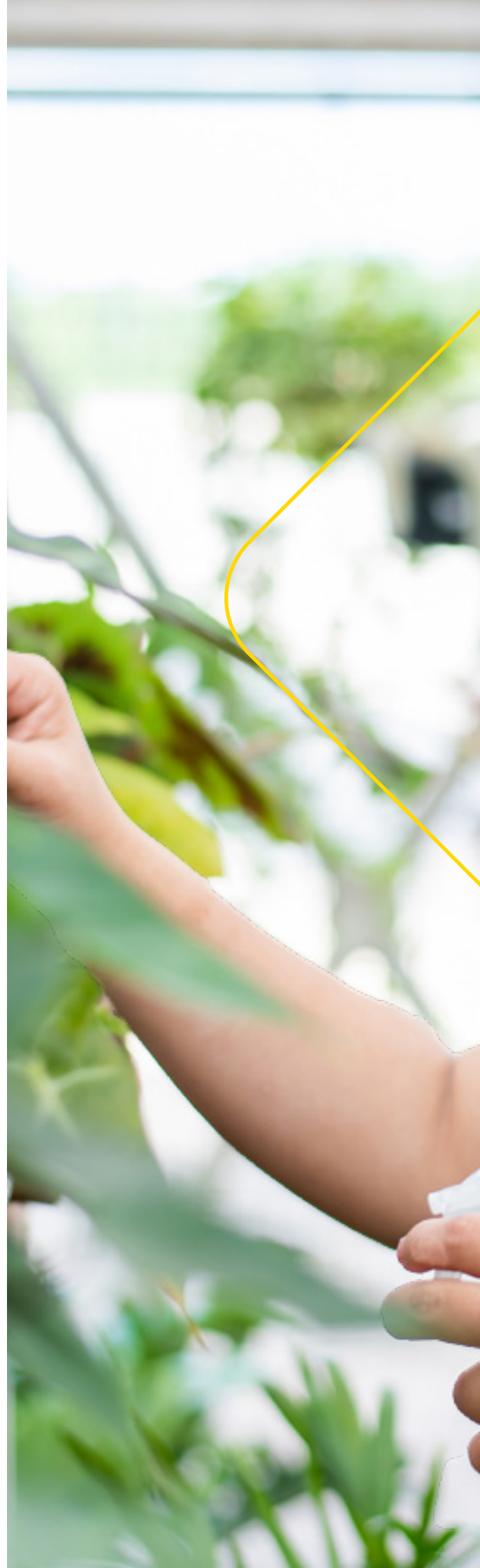
We invest in all forms of post-secondary school education and training, and fund programmes that link schools with tertiary education

We invest in tertiary education so that New Zealanders are equipped with the knowledge and skills they need 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 2021/22, 2022/23 and 2023/24. Calendar year forecasts, targets and results are shown as 2021, 2022 and 2023.





Ngā rohenga pūtea kāwanatanga mā te Mātauranga Matua

Vote Tertiary Education appropriations

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 2022/23 \$000 | Budget 2023/24 \$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



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How we will assess performance

③ TEC contributes to the result of these measures

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

| Measure | 2023 Target | 2022 Estimated Actual | 2021 Actual | Desired trend |
|---|-------------|-----------------------|--------------|---------------|
| Total number of doctoral students aligned to the Centres of Research Excellence, completing qualifications during the current funding period (Note 1) | 194 ±5% | 194 (Note 2) | 255 (Note 3) | ↕ |

Note 1 – The current funding round for Centres of Research Excellence (CoREs) runs from 1 July 2021 to 31 December 2028.

Note 2 – The decrease in qualification completions compared to last year is likely due to 2 of the 10 CoREs being brand new and only having four completions in 2022. It is anticipated that the completion rate for the two new CoREs will grow as they mature in the next two to three years.

Note 3 – The 2021 baseline figure (255) represents the total number of doctoral students completing qualifications in 2021. This includes six months of completions of the previous CoREs and six months of the new CoREs.

Disclosure note: The CoREs impact statement measure has been retired, as the doctoral qualification measure is a more meaningful outcome-focused measure with two years of comparative data available.



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 2022/23 \$000 | Budget 2023/24 \$000 |
|---|------------------------------|----------------------------|
| Fees Free Payments | | |
| REVENUE | | |
| Crown revenue | | |
| Fees-free Payments | 249,969 | 318,339 |
| Targeted Training and Apprenticeship Fund | 109,657 | - |
| Total revenue | 359,626 | 318,339 |
| EXPENSES | | |
| Fees-free Payments | 249,969 | 318,339 |
| Targeted Training and Apprenticeship Fund | 109,657 | - |
| Total expenses | 359,626 | 318,339 |
| Surplus/(deficit) | - | - |

This appropriation links to these Tertiary Education Strategy objectives



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How we will assess performance

Ⓒ TEC contributes to the result of these measures

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

Fees Free – All learners

| Measure | 2023 Target | 2022 Estimated Actual | 2021 Actual | Desired trend |
|---|------------------|-----------------------|-------------|---------------|
| Average fees-free payments (including GST) received by first-year Fees Free learners (Note 1) | At least \$6,730 | \$6,730 | \$6,643 | ↕ |

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 | 2021 Actual | 2020 Actual | 2019 Actual | 2018 Actual |
|--|-----------------------|-------------|-------------|-------------|-------------|
| Number of fees-free first-time learners (Note 1) | 33,214 | 38,717 | 42,868 | 47,087 | 47,019 |

Note 1 – The number of first-time learners benefiting from fees-free payments decreased significantly in 2020 and again in 2021 and 2022 because of the introduction of the Targeted Training Apprenticeship Fund (TTAF), which was one of the Government's COVID-19 response funds. TTAF supported learners to undertake vocational education and training without fees from 1 July 2020 to 31 December 2022. The 2022 Estimated Actual is at February 2023. We expect the final 2022 figure to increase as some providers have yet to verify and finalise the number of their fees-free first-time learners.

Disclosure note: The Targeted Training and Apprenticeship Fund (TTAF) measure has been retired as TTAF funding ceased at the end of December 2022.



Te Tautoko Rautaki mō ngā Whāinga Tōmua ā-Motu ā-Rohe hoki

Strategic Support for National and Regional Priorities

This appropriation is limited to supporting the tertiary education sector to respond to national and regional priorities, including maintaining and developing innovative programmes of learning.

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.

This appropriation includes the strategic component of the Unified Funding System (UFS) for vocational education, which came into effect from 1 January 2023. The UFS is a part of the Reform of Vocational Education.

| | Forecast 2022/23 \$000 | Budget 2023/24 \$000 |
|--|------------------------------|----------------------------|
| Strategic Support for National and Regional Priorities | | |
| REVENUE | | |
| Crown revenue | | |
| National and Regional Skills Priorities | 22,768 | 35,954 |
| Programme Development and Maintenance Fund | 19,758 | 38,964 |
| Support Growth and Proficiency of Te Reo Māori (Level 5 and above) | - | 2,500 |
| Total revenue | 42,526 | 77,418 |
| EXPENSES | | |
| National and Regional Skills Priorities | 22,768 | 35,954 |
| Programme Development and Maintenance Fund | 19,758 | 38,964 |
| Support Growth and Proficiency of Te Reo Māori (Level 5 and above) | - | 2,500 |
| Total expenses | 42,526 | 77,418 |
| Surplus/(deficit) | - | - |

This appropriation links to these Tertiary Education Strategy objectives



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How we will assess performance

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

| Measure | 2023/24 Target | 2022/23 Estimated Actual | 2021/22 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 | Achieved (Baseline year) | Not applicable |

Note 1 – These national skills priorities will be aligned with government priorities.

(C) TEC contributes to the result of these measures

| Measure | 2023 Target | 2022 Estimated Actual | 2021 Actual |
|---|--------------------------|-----------------------|----------------|
| Te Pūkenga's annual report shows progress towards meeting (Notes 1 and 2): | Achieved (Baseline year) | Not applicable | Not applicable |
| Charter obligations, including providing a national network of provision (Note 2) | Achieved (Baseline year) | Not applicable | Not applicable |
| National and regional skills priorities | Achieved (Baseline year) | Not applicable | Not applicable |
| Reports from funded organisations show progress towards meeting national and regional priorities (Notes 1, 3 and 4) | Achieved (Baseline year) | Not applicable | Not applicable |

Note 1 – Implementation of the Unified Funding System for vocational education and training commenced on 1 January 2023. Consequently, no prior year data is available. Reporting against these measures will reflect 2023 calendar year funding received by Te Pūkenga and private training establishments.

Note 2 – Te Pūkenga's 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. This provision should be accessible to the learners of that region and meet the needs of its learners, industries, and communities. Te Pūkenga 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.

Tahua o Te Reo Kairangi is a new fund that supports the development of new or existing programmes targeting higher levels of te reo Māori proficiency, with the aim of:

- › growing the number of highly proficient te reo Māori speakers
- › supporting sector workforce capabilities.

Up to \$2 million of funding is available for eligible tertiary education organisations in 2023.

How we will assess performance

© TEC contributes to the result of this measure

Narrative performance assessment

A new narrative assessment approach has been used for this measure. This approach enables a higher focus on the intent of this programme and the provision of more detailed contextual information regarding how the measure will be assessed and reported. It will also allow the TEC's annual report to include performance results as a narrative and tell a fuller performance story.

New measure:

New or existing programmes or projects targeting higher levels of te reo Māori proficiency are developed and implemented.

Te Tahua o Te Reo Kairangi will contribute to the Government's goals and strategies for te reo Māori language education as articulated in Maihi Karauna, Tau Mai Te Reo and the Tertiary Education Strategy.

What we want to achieve:

Funded projects demonstrate growth of intergenerational language transmission and help build a workforce that is proficient in te reo Māori, especially within the education workforce.

We will provide information about the programmes/projects funded as a narrative under this measure in our annual report.

Prior year information:

No prior year information is available as the first application round was held early in 2023. The 2023 application round relates to funding initiatives to be delivered from June 2023 to May 2024



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 2022/23 \$000 | Budget 2023/24 \$000 |
|----------------------------|------------------------------|----------------------------|
| Support for Wānanga | | |
| REVENUE | | |
| Crown revenue | 42,325 | 12,000 |
| Total revenue | 42,325 | 12,000 |
| Total expenses | 42,325 | 12,000 |
| Surplus/(deficit) | - | - |

This appropriation links to these Tertiary Education Strategy objectives



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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 2022/23 \$000 | Budget 2023/24 \$000 |
|--|------------------------------|----------------------------|
| Tertiary Education Research and Research-Based Teaching | | |
| REVENUE | | |
| Crown revenue | | |
| Performance-Based Research Fund | | |
| - Quality Evaluation element | 173,250 | 173,250 |
| - Research Degree Completions element | 78,750 | 78,750 |
| - External Research Income element | 63,000 | 63,000 |
| Total revenue | 315,000 | 315,000 |
| EXPENSES | | |
| Performance-Based Research Fund | | |
| - Quality Evaluation element | 173,250 | 173,250 |
| - Research Degree Completions element | 78,750 | 78,750 |
| - External Research Income element | 63,000 | 63,000 |
| Total expenses | 315,000 | 315,000 |
| Surplus/(deficit) | - | - |

This appropriation links to these Tertiary Education Strategy objectives



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How we will assess performance

© TEC contributes to the result of these measures

Performance-Based Research Fund

| Measure | 2023 Target | 2022 Estimated Actual | 2021 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 $\pm 5\%$ | 3,836 |
| Percentage increase in amount of external research income for PBRF-eligible providers (Note 2) | 3–5% | 3–5% | 8.58% |

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.



He Karahipi, he Whakawhiwhinga hoki mō te Taumata Mātauranga Matua

Tertiary Scholarships and Awards

This appropriation is limited to providing scholarships and other awards in the tertiary sector to students, researchers and teachers, within New Zealand and internationally.

This appropriation is intended to achieve access to wider educational opportunities for skilled New Zealanders to enhance their existing skills.

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

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

| Tertiary Scholarships and Awards | Forecast 2022/23 \$000 | Budget 2023/24 \$000 |
|---|------------------------------|----------------------------|
| REVENUE | | |
| Crown revenue | | |
| Trainee Medical Intern Grant | 14,478 | 14,604 |
| Tertiary Teaching Awards | 200 | 200 |
| Ministry of Education (MoE)-administered awards | 5,609 | 5,825 |
| Total revenue | 20,287 | 20,629 |
| EXPENSES | | |
| Trainee Medical Intern Grant | 14,478 | 14,604 |
| Tertiary Teaching Awards | 200 | 200 |
| MoE-administered awards | 5,609 | 5,825 |
| Total expenses | 20,287 | 20,629 |
| 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



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Ngā Kaupapa Mahitahi ki te Rāngai Mātauranga Matua, Ahumahi hoki

Tertiary Sector / Industry Collaboration Projects

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

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

| Tertiary Sector / Industry Collaboration Projects | Forecast 2022/23 \$000 | Budget 2023/24 \$000 |
|---|------------------------------|----------------------------|
| REVENUE | | |
| Crown revenue | | |
| Adult and Community Education in Communities (Development & Delivery) | 1,200 | 1,200 |
| Centres of Vocational Excellence | 5,000 | 5,000 |
| Centres of Asia-Pacific Excellence | 10,000 | 10,000 |
| Māori and Pacific Trades Training (Brokerage) | 1,357 | 3,185 |
| Māori and Pacific Trades Training (Consortium) | 4,431 | 4,147 |
| National Centre for Tertiary Teaching Excellence | 3,556 | 3,556 |
| Qualification Development Fund | 184 | - |
| Workforce Development Councils / Transitional Industry Training | (59) | - |
| Organisations Covid-19 Response Projects Fund | 2,520 | - |
| Quality Teaching Agenda (MoE-administered) | 2,520 | - |
| Total revenue | 28,189 | 27,088 |
| EXPENSES | | |
| Adult and Community Education in Communities (Development & Delivery) | 1,200 | 1,200 |
| Centres of Vocational Excellence | 5,000 | 5,000 |
| Centres of Asia-Pacific Excellence | 10,000 | 10,000 |
| Māori and Pacific Trades Training (Brokerage) | 1,357 | 3,185 |
| Māori and Pacific Trades Training (Consortium) | 4,431 | 4,147 |
| National Centre for Tertiary Teaching Excellence | 3,556 | 3,556 |
| Qualification Development Fund | 184 | - |
| Workforce Development Councils / Transitional Industry Training | (59) | - |
| Organisations Covid-19 Response Projects Fund | 2,520 | - |
| Quality Teaching Agenda (MoE-administered) | 2,520 | - |
| Total expenses | 28,189 | 27,088 |
| Surplus/(deficit) | - | - |

This appropriation links to these Tertiary Education Strategy objectives



How we will assess performance

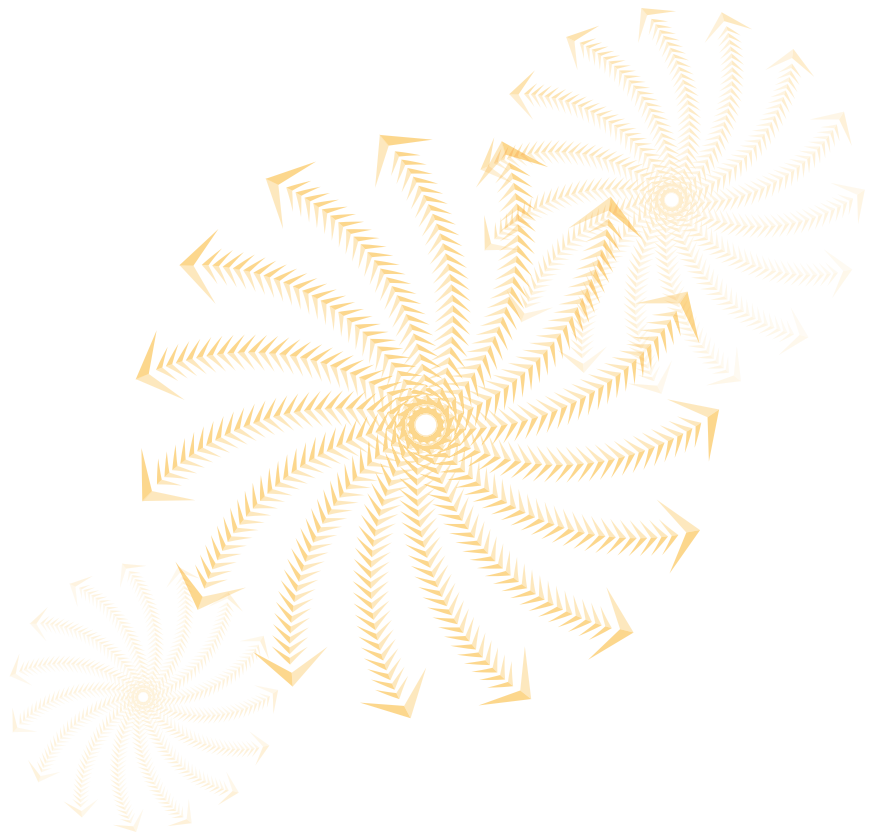
© TEC contributes to the result of these measures

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

Centres of Asia-Pacific Excellence

| Measure | 2023 Target | 2022 Estimated Actual | 2021 Actual | Desired trend |
|---|----------------|-----------------------|-------------|---------------|
| Total number of individuals participating in Centre of Asia-Pacific Excellence business and educational initiatives that support New Zealand’s effectiveness in the Asia-Pacific market | At least 9,535 | 9,535 | 5,920 | ↕ |
| 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 104 | 104 | 81 | ↕ |

Disclosure note: We have retired the Centre of Asia-Pacific Excellence (CAPE) outcome statements measure as the two other CAPE measures now have two years of comparative data available and are more meaningful outcome-focused measures.



He Auahatanga ka arahina e ngā Whare Wānanga

University-led Innovation

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

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

| | Forecast 2022/23 \$000 | Budget 2023/24 \$000 |
|----------------------------------|------------------------------|----------------------------|
| University-led Innovation | | |
| REVENUE | | |
| Crown revenue | 4,348 | 751 |
| Total revenue | 4,348 | 751 |
| Total expenses | 4,348 | 751 |
| Surplus/(deficit) | - | - |

How we will assess performance

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

| Measure | 2023 Target | 2022 Estimated Actual | 2021 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 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 on Workforce Development Councils setting up their organisations and performing their statutory functions.

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

| | Forecast 2022/23 \$000 | Budget 2023/24 \$000 |
|---------------------------------------|------------------------------|----------------------------|
| Workforce Development Councils | | |
| REVENUE | | |
| Crown revenue | 65,000 | 65,000 |
| Total revenue | 65,000 | 65,000 |
| Total expenses | 65,000 | 65,000 |
| 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

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

| Measure | 2023/24 Target | 2022/23 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 |
| New measure Percentage of key industry and Māori sector stakeholders who agree their priorities are understood and effectively communicated by Workforce Development Councils (Note 2) | At least Baseline year | Baseline year | Not applicable |

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

Note 2 – This new measure will assess the levels of confidence of the main industry bodies and Māori sector stakeholders that their priorities are understood by the WDCs, and that the WDCs are effectively communicating these priorities to the sector.

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 results in 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*
- › *Qualification Delivery*

| Tertiary Tuition and Training (MCA) | Forecast 2022/23 \$000 | Budget 2023/24 \$000 |
|---|------------------------------|----------------------------|
| REVENUE | | |
| Crown revenue | | |
| Access to and Success in Tertiary Education | 87,655 | 95,461 |
| Foundation and Community Education | 248,795 | 303,353 |
| Qualification Delivery | 2,471,018 | 2,556,498 |
| Total revenue | 2,807,468 | 2,955,312 |
| EXPENSES | | |
| Access to and Success in Tertiary Education | 87,655 | 95,461 |
| Foundation and Community Education | 248,795 | 303,353 |
| Qualification Delivery | 2,421,018 | 2,556,498 |
| Total expenses | 2,757,468 | 2,955,312 |
| Surplus/(deficit) | 50,000 | - |

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

Ⓒ TEC contributes to the result of this measure

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

Overall measure

| Measure | 2023 Target | 2022 Estimated Actual | 2021 Actual | Desired trend | |
|---------------------------------|--|-----------------------|----------------|---------------|---|
| Tertiary course completion rate | Course completion rate for provider-based learners | At least 79.2% | 79.2% (Note 1) | 82.8% | ↕ |
| | Credit achievement rate for work-based learners | At least 66.2% | 66.2% (Note 2) | 68.1% | ↕ |

Note 1 – The 2022 calendar year estimated result for provider-based learners reflects 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 2 – The 2022 calendar year estimated 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, particularly those identified in the Tertiary Education Strategy.

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

This category includes the learner component of the Unified Funding System (UFS) for vocational education, which came into effect from 1 January 2023.

| | Forecast 2022/23 \$000 | Budget 2023/24 \$000 |
|---|------------------------|----------------------|
| Access to and Success in Tertiary Education | | |
| REVENUE | | |
| Crown revenue | | |
| Equity Funding for Level 7 (degree) and above | 15,673 | 16,507 |
| Learner Funding for Levels 3-7 (non-degree) and Industry Training | 64,591 | 68,714 |
| Māori and Pacific Trades Training (Top-ups) | 7,391 | 10,240 |
| Total revenue | 87,655 | 95,461 |
| EXPENSES | | |
| Equity Funding for Level 7 (degree) and above | 15,673 | 16,507 |
| Learner Funding for Levels 3-7 (non-degree) and Industry Training | 64,591 | 68,714 |
| Māori and Pacific Trades Training (Top-ups) | 7,391 | 10,240 |
| Total expenses | 87,655 | 95,461 |
| Surplus/(deficit) | - | - |

How we will assess performance

③ TEC contributes to the result of these measures

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

Māori and Pacific Trades Training

| Measure | 2023 Target | 2022 Estimated Actual | 2021 Actual | Desired trend |
|---|--------------|-----------------------|-------------|---------------|
| Percentage of learners per calendar year progressing from Māori and Pacific Trades Training to New Zealand 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% | 44% | 35% | |

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

| Measure | 2023 Target | | 2022 Estimated Actuals (Note 2) | |
|---|---------------|---------------|---------------------------------|----------------|
| | 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) (Note 1) | | | | |
| Māori | Baseline year | Baseline year | Not applicable | Not applicable |
| Non-Māori and non-Pacific | Baseline year | | Not applicable | |
| Pacific | Baseline year | Baseline year | Not applicable | Not applicable |
| Non-Māori and non-Pacific | Baseline year | | Not applicable | |

Note 1 – This measure reflects the learner component of the Unified Funding System (UFS) which came 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 – No 2022 estimated actual data is available as this new measure relates to UFS funding which didn't come into effect until 1 January 2023. The first year of reporting against these UFS learner component measures will reflect 2023 calendar year learner results.

Foundation and Community Education

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

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




| Foundation and Community Education | Forecast 2022/23 \$000 | Budget 2023/24 \$000 |
|---|------------------------------|----------------------------|
| REVENUE | | |
| Adult and Community Education | 28,752 | 29,553 |
| Emergency Management Pool | 1,346 | 1,701 |
| English for Speakers of Other Languages | 15,808 | 20,662 |
| Foundation Education | 151,973 | 186,672 |
| Gateway | 19,758 | 23,908 |
| Literacy and Numeracy Provision | 31,158 | 40,857 |
| Total revenue | 248,795 | 303,353 |
| EXPENSES | | |
| Adult and Community Education | 28,752 | 29,553 |
| Emergency Management Pool | 1,346 | 1,701 |
| English for Speakers of Other Languages | 15,808 | 20,662 |
| Foundation Education | 151,973 | 186,672 |
| Gateway | 19,758 | 23,908 |
| Literacy and Numeracy Provision | 31,158 | 40,857 |
| Total expenses | 248,795 | 303,353 |
| Surplus/(deficit) | - | - |

How we will assess performance

© TEC contributes to the result of these measures


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

Literacy and numeracy


| Measure | 2023 Target | 2022 Estimated Actual | 2021 Actual | Desired trend |
|---|----------------|-----------------------|-------------|---|
| Percentage of learners accessing at least the minimum desired range (hours) of provision (Note 1) | | | | |
| Intensive Literacy and Numeracy | At least 65.7% | 65.7% | 59.5% |  |
| Workplace Literacy and Numeracy (tertiary education organisation - led) | At least 60.7% | 60.7% | 70.2% |  |
| English for Speakers of Other Languages | At least 92.4% | 92.4% | 91.3% |  |

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 in communities

| Measure | 2023 Target | 2022 Estimated Actual | 2021 Actual | Desired trend |
|---|--------------------|-----------------------|-------------|---|
| Number of Adult and Community Education learner hours | At least 1,001,459 | 1,001,459 | 978,152 |  |

Youth Guarantee

| Measure | 2023 Target | 2022 Estimated Actual | 2021 Actual | Desired trend |
|---|----------------|-----------------------|-------------|---|
| Percentage of Youth Guarantee learners completing qualifications at Levels 2 or 3 | At least 62.0% | 62.0% | 62.0% |  |

Gateway

| Measure | 2023 Target | 2022 Estimated Actual | 2021 Actual | Desired trend |
|--|------------------------------------|--------------------------|--------------------------|---|
| Total participants and number of schools | 14,000 ±5% in up to 375 schools | 14,177 in 374 schools | 13,907 in 377 schools |  |

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.

This category includes the delivery component of the Unified Funding System (UFS) for vocational education, which came into effect from 1 January 2023.

| | Forecast 2022/23 \$000 | Budget 2023/24 \$000 |
|--|------------------------------|----------------------------|
| Tertiary Education: Qualification Delivery | | |
| REVENUE | | |
| Crown revenue | | |
| Qualifications at Level 7 (degree) and above | 1,639,240 | 1,673,961 |
| Qualifications at Levels 3-7 (non-degree) | 828,958 | 879,981 |
| Section 556 grants for School of Dance and School of Drama | 2,820 | 2,556 |
| Total revenue | 2,471,018 | 2,556,498 |
| EXPENSES | | |
| Qualifications at Level 7 (degree) and above | 1,589,240 | 1,673,961 |
| Qualifications at Levels 3-7 (non-degree) | 828,958 | 879,981 |
| Section 556 grants for School of Dance and School of Drama | 2,820 | 2,556 |
| Total expenses | 2,421,018 | 2,556,498 |
| Surplus/(deficit) | 50,000 | - |



Provider-based learning

How we will assess performance

③ TEC contributes to the result of these measures

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

All learners

| Measure | Level | 2023 Target | 2022 Estimated Actual | 2021 Actual | Desired trend |
|---|--------------------------|----------------|-----------------------|-------------|---------------|
| Qualification completion | | | | | |
| Percentage of funded students completing qualifications (Notes 1 and 2) | Levels 4-7 non-degree | At least 58.1% | 58.1% | 59.3% | ↔ |
| | Level 7 degree and above | At least 62.8% | 62.8% | 62.1% | ↔ |

| Measure | Level | 2023 TEO commitments | 2022 Estimated Actual | 2021 Actual | Desired trend |
|--|--------------------------|----------------------|-----------------------|-------------|---------------|
| Course completion | | | | | |
| Percentage of funded students completing courses (Notes 1 and 3) | Levels 1-10 | 83.0% | 79.2% | 82.6% | ▲ |
| Progression | | | | | |
| Percentage of students progressing: Within New Zealand Qualifications Framework Levels 1-3 or from Levels 1-3 to Level 4 and above | | 43.6% | 38.6% | 40.7% | ▲ |
| Retention | | | | | |
| First year retention rates for qualification at (Note 1): | Levels 4-7 non-degree | 62.5% | 55.8% | 62.2% | ▲ |
| | Level 7 degree and above | 78.1% | 75.6% | 77.1% | ▲ |

Note 1 – The 2022 calendar year estimated results for qualification completion, course completion and retention reflect results by Student Achievement Component and Youth Guarantee-funded learners. From the 2023 calendar year onwards results will reflect the new Unified Funding System.

Note 2 – 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.

Note 3 – Course completion is the proportion of course enrolments ending in a given year that have been successfully completed.

Māori and Pacific learners

Our performance measures track the shifts in achievement patterns of Māori and Pacific learners relative to non-Māori and non-Pacific learners. We want achievement patterns for Māori and Pacific learners to be the same as other learners in the tertiary system.

How we will assess performance

© TEC contributes to the result of these measures

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

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

The equity gap measures the percentage point difference between the percentage achieved by Māori learners compared to the percentage achieved by non-Māori and non-Pacific learners.

| Measure | Level | Equity Gap | | | Desired trend |
|--|--------------------------|--------------------------------------|-------------------------|-------------------------|---------------|
| | | 2023 Target | 2022 Estimated Actual | 2021 Actual | |
| Qualification completion | | | | | |
| Percentage of funded students completing qualifications (Notes 1 and 2) | Levels 4-7 non-degree | No more than -3.2 percentage points | -3.2 percentage points | -1.5 percentage points | ▼ |
| | Level 7 degree and above | No more than -14.0 percentage points | -14.0 percentage points | -14.8 percentage points | ▼ |
| Measure | Level | Equity Gap | | | Desired trend |
| | | 2023 TEO commitments | 2022 Estimated Actual | 2021 Actual | |
| Course completion | | | | | |
| Percentage of funded students completing courses (Notes 1 and 3) | Levels 1-10 | -7.6 percentage points | -15.9 percentage points | -12.9 percentage points | ▼ |
| Progression | | | | | |
| Percentage of students progressing: Within New Zealand Qualifications Framework Levels 1-3 or from Levels 1-3 to Level 4 and above | | -0.9 percentage points | +4.6 percentage points | +4.0 percentage points | ↔ |
| Retention | | | | | |
| First year retention rates for qualification at (Note 1): | Levels 4-7 non-degree | -2.6 percentage points | -8.9 percentage points | -4.6 percentage points | ▼ |
| | Level 7 degree and above | -8.5 percentage points | -9.2 percentage points | -9.8 percentage points | ▼ |

Note 1 – The 2022 calendar year estimated results for qualification completion, course completion and retention reflect results by Student Achievement Component and Youth Guarantee-funded learners. From the 2023 calendar year onwards results will reflect the new Unified Funding System.

Note 2 – 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.

Note 3 – Course completion is the proportion of course enrolments ending in a given year that have been successfully completed.

How we will assess performance

③ TEC contributes to the result of these measures

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

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

The equity gap measures the percentage point difference between the percentage achieved by Pacific learners compared to the percentage achieved by non-Māori and non-Pacific learners.

| Measure | Level | Equity Gap | | | Desired trend |
|--|--------------------------|--------------------------------------|-------------------------|-------------------------|---------------|
| | | 2023 Target | 2022 Estimated Actual | 2021 Actual | |
| Qualification completion | | | | | |
| Percentage of funded students completing qualifications (Notes 1 and 2) | Levels 4-7 non-degree | No more than -3.8 percentage points | -3.8 percentage points | -4.1 percentage points | ▼ |
| | Level 7 degree and above | No more than -19.2 percentage points | -19.2 percentage points | -19.4 percentage points | ▼ |
| Measure | Level | Equity Gap | | | Desired trend |
| | | 2023 TEO commitments | 2022 Estimated Actual | 2021 Actual | |
| Course completion | | | | | |
| Percentage of funded students completing courses (Notes 1 and 3) | Levels 1-10 | -10.3 percentage points | -16.8 percentage points | -14.7 percentage points | ▼ |
| Progression | | | | | |
| Percentage of students progressing: Within New Zealand Qualifications Framework Levels 1-3 or from Levels 1-3 to Level 4 and above | | +3.0 percentage points | +1.0 percentage points | -0.2 percentage points | ↔ |
| Retention | | | | | |
| First year retention rates for qualification at (Note 1): | Levels 4-7 non-degree | -4.7 percentage points | -3.9 percentage points | -10.5 percentage points | ▼ |
| | Level 7 degree and above | -6.5 percentage points | -6.8 percentage points | -7.5 percentage points | ▼ |

Note 1 – The 2022 calendar year estimated results for qualification completion, course completion and retention reflect results by Student Achievement Component and Youth Guarantee-funded learners. From the 2023 calendar year onwards results will reflect the new Unified Funding System.

Note 2 – 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.

Note 3 – Course completion is the proportion of course enrolments ending in a given year that have been successfully completed.

Work-based learning

How we will assess performance

Ⓒ TEC contributes to the result of these measures

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

All learners

| Measure | Group | 2023 Target | 2022 Estimated Actual | 2021 Actual | Desired trend |
|----------------------------------|-------------------|----------------|-----------------------|-------------|---------------|
| Percentage completing programmes | All learners | At least 65.4% | 65.4% | 65.9% | ▲ |
| | Industry Trainees | At least 69.5% | 69.5% | 68.9% | ▲ |
| | Apprentices | At least 53.1% | 53.1% | 55.0% | ▲ |

Māori and Pacific learners

Our performance measures track the shifts in achievement patterns of Māori and Pacific learners relative to non-Māori and non-Pacific learners. We want achievement patterns for Māori and Pacific learners to be the same as other learners in the tertiary system.

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

The equity gap measures the percentage point difference between the percentage achieved by Māori learners compared to the percentage achieved by non-Māori and non-Pacific learners.

| Measure | Equity Gap | | | Desired trend |
|----------------------------------|-------------------------------------|------------------------|------------------------|---------------|
| | 2023 Target | 2022 Estimated Actual | 2021 Actual | |
| Percentage completing programmes | No more than -6.8 percentage points | -6.8 percentage points | -5.7 percentage points | ▼ |

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

The equity gap measures the percentage point difference between the percentage achieved by Pacific learners compared to the percentage achieved by non-Māori and non-Pacific learners.

| Measure | Equity Gap | | | Desired trend |
|----------------------------------|-------------------------------------|------------------------|------------------------|---------------|
| | 2023 Target | 2022 Estimated Actual | 2021 Actual | |
| Percentage completing programmes | No more than -2.3 percentage points | -2.3 percentage points | -1.4 percentage points | ▼ |

Rohenga pūtea kāwanatanga
mā te Mātauranga

Vote Education appropriation

Primary and Secondary Education (Multi-category appropriation)

Mai i te Kura Tuarua ki te Taumata
Mātauranga Matua

Secondary-Tertiary Interface

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

| | Forecast 2022/23 \$000 | Budget 2023/24 \$000 |
|-------------------------------------|------------------------------|----------------------------|
| Secondary-Tertiary Interface | | |
| REVENUE | | |
| Crown revenue | 32,513 | 31,826 |
| Total revenue | 32,513 | 31,826 |
| Total expenses | 32,513 | 31,826 |
| Surplus/(deficit) | - | - |



Ngā Tauākī
Matapae Tahua
Forecast Financial
Statements



He Tauākī Whai Whakaarotanga 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 2023/24. 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.

Revenue

Revenue from the Crown is based on information contained in the 2023/24 Estimates of Appropriation, Vote Tertiary Education and Vote Education. In 2023/24 we plan to fully draw down our Crown revenue.

In 2022/23, we received \$10.7 million of Crown funding for implementing the Reform of Vocational Education (RoVE) programme. The programme concludes in June 2023. From 2023/24 onwards, we will not receive specific RoVE funding and RoVE will be managed as part of TEC's business as usual costs. The corresponding reduction in expense is reflected in personnel costs.

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.

Interest income is based on the expected cash on hand and is budgeted to decrease as our cash on hand decreases.

Grants expenses

We forecast grants expenditure to be \$150.6m less than baseline in 2022/23. We are forecasting to add \$50.0m of this underspend to our Grants Balance Sheet Mechanism Facility (BMF) which would increase our BMF to \$132.0m on 30 June 2023. We are budgeting to fully spend our baseline and for our BMF to remain largely unchanged in 2023/24.

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

Operating expenses

Personnel costs are based on:

- › established full-time equivalent (FTE) roles
- › project staff and contractors
- › other specialist contractors to cover capability or capacity requirements.

Personnel costs include an allowance for salary increases of 2%. We also make a 5% allowance for staff vacancies.

Depreciation and amortisation costs are calculated based on our current fixed assets and our proposed 2023/24 capital plan adjusted for expected software write-offs.

Other expenses are calculated using a bottom-up approach and include \$2.0 million for ongoing or scheduled operating projects and initiatives in 2023/24.



Tauākī Matapae mō te Tōtōpū o te
Whakapaunga Pūtea

**Forecast Statement of Comprehensive
Revenue and Expense**

For the year ended 30 June

| | 2023 Forecast \$000 | 2024 Budget \$000 |
|---|---------------------------|-------------------------|
| REVENUE | | |
| Grants revenue: | | |
| Vote Education/Tertiary Education – Ministry of Education (MoE) | 3,774,553 | 3,867,338 |
| Prior year recoveries – net | 1,639 | 600 |
| Total grants revenue | 3,776,192 | 3,867,938 |
| Operating revenue: | | |
| Vote Tertiary Education – MoE | 80,398 | 69,371 |
| Contract – Pre-purchased English Language Tuition | 362 | 358 |
| Other revenue | 2,014 | 1,224 |
| Total operating revenue | 82,774 | 70,953 |
| Finance revenue: | | |
| Interest – grants | 2,517 | 2,000 |
| Interest – operating | 1,055 | 973 |
| Total finance revenue | 3,572 | 2,973 |
| Total revenue | 3,862,538 | 3,941,864 |

Tauākī Matapae mō te Tōtōpū o te
Whakapaunga Pūtea

**Forecast Statement of Comprehensive
Revenue and Expense (continued)**

For the year ended 30 June

| | 2023 Forecast \$000 | 2024 Budget \$000 |
|--|---------------------------|-------------------------|
| EXPENSE | | |
| Grants expense: | | |
| Grants expense | 3,724,053 | 3,866,838 |
| Bad and doubtful debts | 500 | 500 |
| Total grants expense | 3,724,553 | 3,867,338 |
| Operating expense: | | |
| Personnel costs | 56,573 | 44,767 |
| Amortisation | 4,399 | 6,775 |
| Depreciation | 1,082 | 953 |
| Other expenses | 25,243 | 21,935 |
| Total operating expense | 87,297 | 74,430 |
| Total expense | 3,811,850 | 3,941,768 |
| SURPLUS/(DEFICIT) | | |
| Grants surplus/(deficit) | 54,156 | 2,600 |
| Operating surplus/(deficit) | (3,468) | (2,504) |
| Total comprehensive revenue and expense | 50,688 | 96 |

Tauākī Matapae Tahua Putea

Forecast Statement of Financial Position

As at 30 June

| | 2023 Forecast \$000 | 2024 Budget \$000 |
|--|---------------------------|-------------------------|
| CURRENT ASSETS | | |
| Receivables | 588,799 | 582,949 |
| Cash and cash equivalents | 87,842 | 81,502 |
| Prepayments | 1,000 | 1,020 |
| Total current assets | 677,641 | 665,471 |
| NON-CURRENT ASSETS | | |
| Intangible assets | 24,382 | 27,499 |
| Property, plant and equipment | 4,192 | 3,989 |
| Total non-current assets | 28,574 | 31,488 |
| Total assets | 706,215 | 696,959 |
| CURRENT LIABILITIES | | |
| Payables | 501,018 | 501,500 |
| Pre-purchased English Language Tuition – fees in advance | 9,810 | 7,480 |
| Repayment of grants funding – MoE | 15,035 | 2,000 |
| Employee entitlements | 3,713 | 3,621 |
| GST payable | 5,843 | 5,747 |
| Provision for lease | 145 | 145 |
| Total current liabilities | 535,564 | 520,493 |
| NON-CURRENT LIABILITIES | | |
| Provision for lease | 574 | 429 |
| Employee entitlements | 700 | 714 |
| Total non-current liabilities | 1,274 | 1,143 |
| Total liabilities | 536,838 | 521,636 |
| Net assets | 169,377 | 175,323 |
| EQUITY | | |
| General funds | 169,377 | 175,323 |
| Total equity | 169,377 | 175,323 |

Tauākī Matapae mō ngā Panoni Pūtea Moni

Forecast Statement of Changes in Equity

For the year ended 30 June

| | 2023 Forecast \$000 | 2024 Budget \$000 |
|--|------------------------------------|----------------------------------|
| EQUITY | | |
| Balance at 1 July | 119,206 | 169,377 |
| Capital contribution | 2,000 | 7,850 |
| Total comprehensive revenue and expense for the year | 50,688 | 96 |
| Repayment of grants interest – MoE | (2,517) | (2,000) |
| Balance at 30 June | 169,377 | 175,323 |

Tauākī Matapae mō ngā Rerenga Moni

Forecast Statement of Cash Flows

For the year ended 30 June

| | 2023 Forecast \$000 | 2024 Budget \$000 |
|--|---------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| <i>Cash was provided from:</i> | | |
| Grants – MoE | 3,721,499 | 3,867,338 |
| Grants – prior year recoveries | 1,639 | 600 |
| Grants – Pre-purchased English Language Tuition | 1,015 | 1,882 |
| Operating – MoE | 80,398 | 69,371 |
| Operating – Pre-purchased English Language Tuition | 64 | 146 |
| Operating – other | 2,072 | 1,224 |
| | 3,806,687 | 3,940,561 |
| <i>Cash was applied to:</i> | | |
| Grants payments | (3,722,137) | (3,865,088) |
| Payments to employees | (56,474) | (44,846) |
| Other operating payments | (24,837) | (22,017) |
| GST – net | 859 | (96) |
| | (3,802,589) | (3,932,047) |
| Net cash flows from operating activities | 4,098 | 8,514 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| <i>Cash was provided from:</i> | | |
| Interest – grants | - | - |
| Interest – operating | 1,021 | 973 |
| Sale of property, plant and equipment | - | - |
| | 1,021 | 973 |
| <i>Cash was applied to:</i> | | |
| Purchase of intangible assets | (7,976) | (9,892) |
| Purchase of property, plant and equipment | (868) | (750) |
| | (8,844) | (10,642) |
| Net cash flows from investing activities | (7,823) | (9,669) |

Tauākī Matapae mō ngā Rerenga Moni

Forecast Statement of Cash Flows (continued)

For the year ended 30 June

| | 2023 Forecast \$000 | 2024 Budget \$000 |
|--|---------------------------|-------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| <i>Cash was provided from:</i> | | |
| Capital contribution – MoE | 2,000 | 7,850 |
| <i>Cash was applied to:</i> | | |
| Repayment of grants funding – MoE | 6,301 | (13,035) |
| Net cash flows from financing activities | 8,301 | (5,185) |
| Net increase/(decrease) in cash and cash equivalents | 4,576 | (6,340) |
| Cash and cash equivalents at 1 July | 83,266 | 87,842 |
| Cash and cash equivalents at 30 June | 87,842 | 81,502 |
| Total comprehensive revenue and expense | 50,688 | 96 |
| Add non-cash items – depreciation and amortisation | 5,481 | 7,728 |
| Add non-cash items – loss on disposal of property, plant and equipment | 1,824 | - |
| Add net movements in working capital | (50,357) | 3,663 |
| Deduct interest income classified as investing activities | (1,021) | (973) |
| Deduct grants interest income classified within | (2,517) | (2,000) |
| Repayment of grants funding – MoE | (2,517) | (2,000) |
| Net cash flows from operating activities | 4,098 | 8,514 |

Te Nekenekehanga ka Matapaetia mō Ngā Rawa Kiko-kore

Movement of Forecast Intangible Assets

For the year ended 30 June

2023

| | Acquired software \$000 | Internally generated software \$000 | Work in progress (acquired) \$000 | Work in progress (internal) \$000 | Total \$000 |
|---------------------------------|-------------------------------|--|--|--|----------------|
| Balance at 1 July | 210 | 8,006 | - | 12,787 | 21,003 |
| Transfers from work in progress | - | 4,344 | - | (4,344) | - |
| Amortisation and impairments | (73) | (4,326) | - | - | (4,399) |
| Additions | - | - | - | 7,778 | 7,778 |
| Balance at 30 June | 137 | 8,024 | - | 16,221 | 24,382 |
| Cost | 3,039 | 40,611 | - | 16,221 | 59,871 |
| Accumulated amortisation | (2,902) | (32,587) | - | - | (35,489) |
| Balance at 30 June | 137 | 8,024 | - | 16,221 | 24,382 |

2024

| | Acquired software \$000 | Internally generated software \$000 | Work in progress (acquired) \$000 | Work in progress (internal) \$000 | Total \$000 |
|---------------------------------|-------------------------------|--|--|--|----------------|
| Balance at 1 July | 137 | 8,024 | - | 16,221 | 24,382 |
| Transfers from work in progress | - | 1,904 | - | (1,904) | - |
| Amortisation and impairments | (92) | (6,683) | - | - | (6,775) |
| Additions | - | - | - | 9,892 | 9,892 |
| Balance at 30 June | 45 | 3,245 | - | 24,209 | 27,499 |
| Cost | 3,039 | 42,515 | - | 24,209 | 69,763 |
| Accumulated amortisation | (2,994) | (39,270) | - | - | (42,264) |
| Balance at 30 June | 45 | 3,245 | - | 24,209 | 27,499 |

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

2023

| | Leasehold improvements \$000 | Computer equipment \$000 | Office equipment \$000 | Furniture and fittings \$000 | Work in progress \$000 | Total \$000 |
|---------------------------------|---------------------------------|-----------------------------|---------------------------|---------------------------------|---------------------------|----------------|
| Balance at 1 July | 1,995 | 860 | - | 603 | 751 | 4,209 |
| Transfers from work in progress | - | 1,750 | - | 66 | (1,816) | - |
| Depreciation and impairments | (407) | (582) | - | (93) | - | (1,082) |
| Additions | - | - | - | - | 1,065 | 1,065 |
| Balance at 30 June | 1,588 | 2,028 | - | 576 | - | 4,192 |
| Cost | 4,347 | 5,184 | 20 | 955 | - | 10,506 |
| Accumulated depreciation | (2,759) | (3,156) | (20) | (379) | - | (6,314) |
| Balance at 30 June | 1,588 | 2,028 | - | 576 | - | 4,192 |

2024

| | Leasehold improvements \$000 | Computer equipment \$000 | Office equipment \$000 | Furniture and fittings \$000 | Work in progress \$000 | Total \$000 |
|---------------------------------|---------------------------------|-----------------------------|---------------------------|---------------------------------|---------------------------|----------------|
| Balance at 1 July | 1,588 | 2,028 | - | 576 | - | 4,192 |
| Transfers from work in progress | - | 750 | - | - | (750) | - |
| Depreciation and impairments | (407) | (446) | - | (100) | - | (953) |
| Additions | - | - | - | - | 750 | 750 |
| Balance at 30 June | 1,181 | 2,332 | - | 476 | - | 3,989 |
| Cost | 4,347 | 5,934 | 20 | 955 | - | 11,256 |
| Accumulated depreciation | (3,166) | (3,602) | (20) | (479) | - | (7,267) |
| Balance at 30 June | 1,181 | 2,332 | - | 476 | - | 3,989 |

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

Forecast Grants Revenue from the Crown and Planned Grants Expenses

For the year ended 30 June 2024

| | Revenue \$000 | Expenses \$000 |
|--|------------------|-------------------|
| Vote Tertiary Education: | | |
| Non-Departmental Output Expenses | | |
| Centres of Research Excellence | 49,800 | 49,800 |
| Fees Free Payments | 318,339 | 318,339 |
| Strategic Support for National and Regional Priorities | 77,418 | 77,418 |
| Support for Wānanga | 12,000 | 12,000 |
| Tertiary Education Research and Research-Based Teaching | 315,000 | 315,000 |
| Tertiary Sector / Industry Collaboration Projects | 27,088 | 27,088 |
| University-led Innovation | 751 | 751 |
| Workforce Development Councils | 65,000 | 65,000 |
| Tertiary Tuition and Training multi-category appropriation (MCA) | | |
| Access to and Success in Tertiary Education | 95,461 | 95,461 |
| Foundation and Community Education | 303,353 | 303,353 |
| Qualification Delivery | 2,556,498 | 2,556,498 |
| Total Non-Departmental Output Expenses | 3,820,708 | 3,820,708 |
| Benefits and Other Unrequited Expenses | | |
| Tertiary Scholarships and Awards | 20,629 | 20,629 |
| Total Benefits and Other Unrequited Expenses | 20,629 | 20,629 |
| Vote Education: | | |
| Non-Departmental Output Expenses | | |
| Secondary-Tertiary Interface | 31,826 | 31,826 |
| Total Non-Departmental Output Expenses | 31,826 | 31,826 |
| Total revenue/expense | 3,873,163 | 3,873,163 |

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

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

For the year ended 30 June 2024

| | Revenue \$000 | Expenses \$000 |
|---|------------------|-------------------|
| Administered by Ministry of Education | | |
| Scholarships and Awards | 5,825 | 5,825 |
| Administered by Tertiary Education Commission | 3,867,338 | 3,867,338 |
| Total revenue/expenses | 3,873,163 | 3,873,163 |
| Prior year recoveries – net | 600 | - |
| Administered by Tertiary Education Commission | 3,867,338 | 3,867,338 |
| Total grants revenue/expenses | 3,867,938 | 3,867,338 |



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 80 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 2023/24*. 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:

- › 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 2024 our funding will only be confirmed up until 30 June 2025.
- › 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 in the surplus or deficit.

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, furniture and fittings and motor vehicles.

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

Additions

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

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 | 2.4–5 years | 20–40% straight line |
| Office equipment | 5 years | 20% straight line |
| Furniture and fittings | 10 years | 10% straight line |
| Motor vehicles | 5 years | 20% straight line |

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

Employee entitlements

Short-term employee entitlements

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

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

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

Long-term employee entitlements

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

The calculations are based on:

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

Presentation of employee entitlements

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

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

Provision for lease

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

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

Lease incentives

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

Lease make-good provisions

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

Onerous contracts

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

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

Repayment of grants funding – Ministry of Education

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

Equity

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

Capital management

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

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

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

Income tax

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

Critical accounting estimates and assumptions

In preparing these financial statements we have made estimates and assumptions concerning the future (see Statement of Significant Assumptions underlying the Forecast Financial Statements on page 80 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.

We have not made significant changes to past assumptions concerning useful lives and residual values.

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.

We completed our review of intangible assets in 2022 and made any adjustments required in that year. Any new arrangements we have entered into that meet the definition of a SaaS arrangement have been expensed.

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 Aotearoa 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.

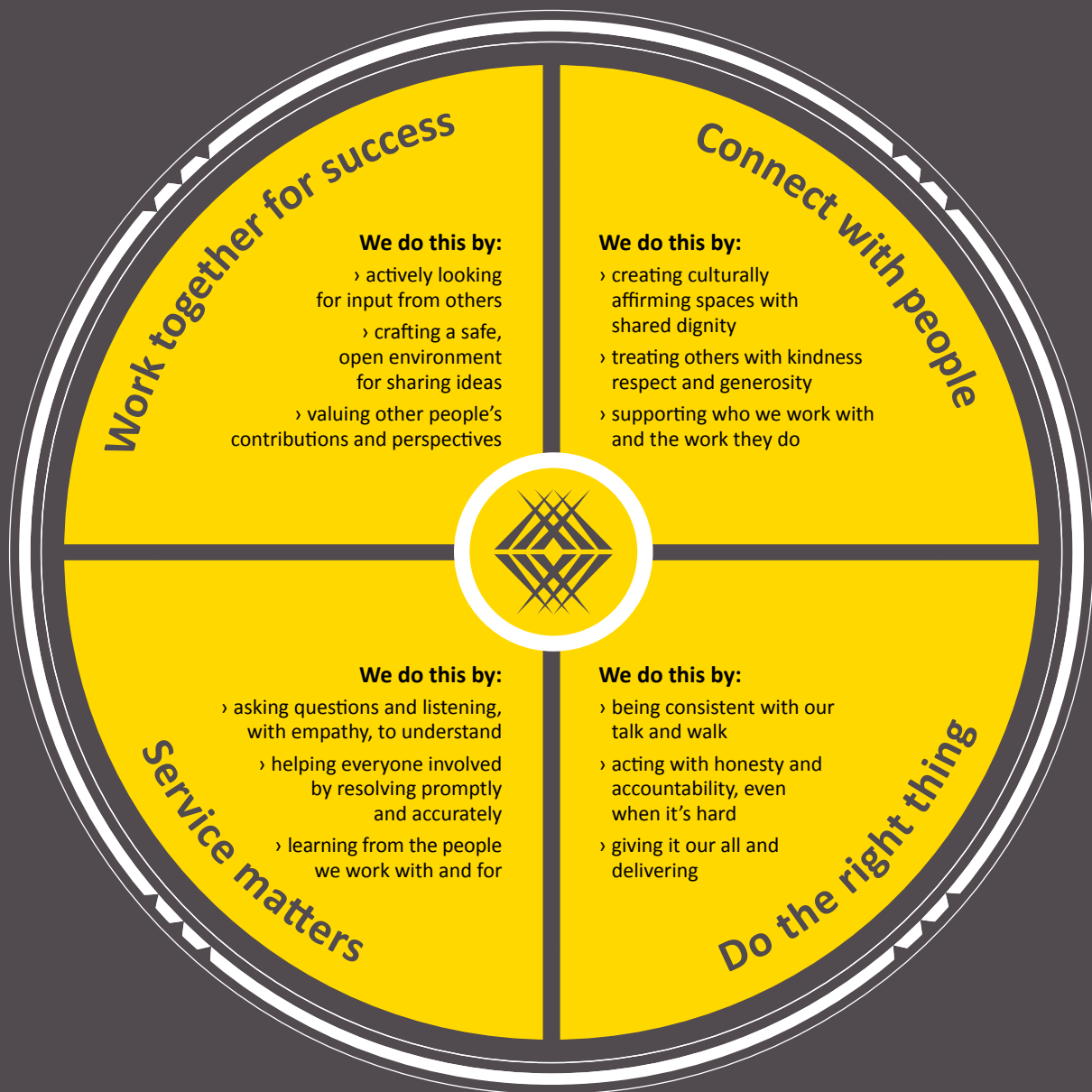
We have exercised our judgement on the appropriate classification of equipment leases and have determined none of our lease arrangements are finance leases.

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





Work together for success

We do this by:

- › actively looking for input from others
- › crafting a safe, open environment for sharing ideas
- › valuing other people's contributions and perspectives

Connect with people

We do this by:

- › creating culturally affirming spaces with shared dignity
- › treating others with kindness respect and generosity
- › supporting who we work with and the work they do

Service matters

We do this by:

- › asking questions and listening, with empathy, to understand
- › helping everyone involved by resolving promptly and accurately
- › learning from the people we work with and for

Do the right thing

We do this by:

- › being consistent with our talk and walk
- › acting with honesty and accountability, even when it's hard
- › giving it our all and delivering

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