**Tertiary Education Commission**
Te Amorangi
Mātauranga Matua

Pūrongo-ā-tau
**Annual Report**

for the year ended 30 June 2020

New Zealand Government

**Tō mātou kaupapa**
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 tirohanga whakamua**
Kia tū aumangea, kia taurikura ā Aotearoa – kei a te katoa ngā pūkenga, te mātauranga me te whakamanawa e tipu ai te mauri ora

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

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

This annual report for the year ended 30 June 2020 provides information to enable our stakeholders to assess the operations and performance of the Tertiary Education Commission

The report covers what we set out to do, what we have done and how we have contributed to the strategic priorities and targets set by the Government. We report on progress against our *Statement of Intent 2018/19-2021/22* and the performance measures in our *Statement of Performance Expectations 2019/20*.

Presented to the House of Representatives pursuant to section 150(3) of the Crown Entities Act 2004.

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

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

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

## The Tertiary Education Commission and the Treaty of Waitangi

**1.** The Tertiary Education Commission will give practical effect to Te Tiriti o Waitangi in our work across the tertiary education and careers systems.

**2.** We will ensure that our work is consistent with Te Tiriti o Waitangi related goals of the Education Work Programme, the Tertiary Education Strategy, and Ka Hikitia.

**3.** We acknowledge our responsibility to Te Tiriti o Waitangi in its entirety including taking into account the interests of whānau, hapū, iwi and Māori.

**4.** 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.

**5.** 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.

# TE TAU KUA HIPA

## OUR

## YEAR AT A GLANCE

**$19.5** MILLION
ALLOCATED TO 121 TERTIARY EDUCATION ORGANISATIONS

**$12.6** MILLION
ALLOCATED TO TERTIARY EDUCATION ORGANISATIONS

**$54** MILLION
ALLOCATED TO 62 ORGANISATIONS

# We supported

## learners impacted by COVID-19

### We helped job seekers

We conducted a marketing campaign to raise awareness of the resources and tools available on careers.govt.nz. This attracted over 20,000 people to the COVID-19 hub, and 2,455 to the jobs database. We have printed 15,000 *Job Hunters' Workbooks* and distributed them via Ministry of Social Development offices and libraries around New Zealand, and 700 electronic versions have also been downloaded via careers.govt.nz

### We delivered government initiatives to support learners

› **Hardship Fund for Learners – $19.5 million allocated to 121 tertiary education organisations**

The Hardship Fund for Learners was established in May 2020 to help tertiary education organisations provide financial assistance to their learners who were facing hardship due to the COVID-19 pandemic. All funding was distributed by the end of June 2020.

› **Technology Access Fund for Learners – $12.6 million allocated to tertiary education organisations during May and June 2020**

The Technology Access Fund for Learners helps tertiary education organisations provide devices and internet connections to their learners who are unable to access online learning.

› **The Targeted Training and Apprenticeship Fund – $54 million allocated to 62 organisations**

The Targeted Training and Apprenticeship Fund will support learners to undertake vocational education and training without fees from 1 July 2020 to 31 December 2022. In June 2020 we commenced implementation work which included reviewing and publishing over 1,700 vocational and trades training programmes to determine their eligibility for funding.

# We trialled
## our learner success approach

We are supporting our four tertiary education organisation learner success partners – the University of Waikato, Waikato Institute of Technology, Te Wānanga o Raukawa and Manukau Institute of Technology – to trial new ways of working with students.

This is a key part of our wider goals of supporting Māori achievement and Pacific achievement, and supporting the achievement of New Zealanders with disabilities.

# We hosted
## a conference to share best practice on achieving equitable outcomes for learners

The Ōritetanga Tertiary Success for Everyone conference was attended by Ministers, local presenters and more than 300 representatives across the education sector and wider community in New Zealand. Alongside sharing international best practice on lifting learner achievement, the conference showcased our tertiary education organisation partners and some of their early success with the learner success approach.

# The Reform of Vocational Education Programme was established

Following Cabinet decisions in July 2019, we established a multi-agency team to lead the implementation of the Reform of Vocational Education.

## Unified Funding System (UFS)

We are working closely with the Ministry of Education on developing a UFS that is simple, relevant and responsive to learners and employers. A funding reference group was established to support officials in the design of the system.

## Workforce Development Councils (WDCs)

We mobilised the WDC design process, which saw the high level design for the WDC's operating model created. This was a collaborative process that included 40 industry representatives comprising of a core design group of 11 members and a wider reference group of 33 members.

## Establishment of the New Zealand Institute of Skills and Technology (NZIST)

Following Cabinet decisions in July 2019, an establishment unit was created as a sub-unit of the Ministry of Education. The NZIST was formally stood up on 1 April 2020, with its Chief Executive commencing on 6 July.

## Centres of Vocational Excellence (CoVEs)

We undertook consultation and co-design of two pilot CoVEs through a series of workshops to discuss their appropriate scope and function. The workshops involved approximately 170 stakeholders from the construction and primary sectors.

# We strengthened

## the connection between schools and work

We completed a research campaign called *Drawing the Future* that identified the narrow aspirations of children and highlighted the need for more interactions between work and school.

Children aged 7-12 were asked to draw what they think they'd like to do when they grow up and answer a series of questions. We received a total of 7,700 drawings from over 200 schools.

*Inspiring the Future* is a programme that seeks to broaden horizons and tackle unconscious career biases by introducing role models from the world of work to young people in schools. Six schools in three regions confirmed their participation in trials of the programme and two were completed in March 2020 before schools were closed for the COVID-19 response.



I want to be a coder and work with tech.

PHOTOGRAPHER

I want to be a pilot when I grow up.

IN **2019/20** WE INVESTED APPROXIMATELY

# $3.3 BILLION

IN THE TERTIARY EDUCATION SYSTEM THROUGH FUNDING:

This $3.3 billion investment figure differs from the $4.4 billion reported in our financial statements as a result of a $1.1 billion COVID-19 related accounting adjustment. Refer to page 118 for further details.

## 8 UNIVERSITIES

## 3 WĀNANGA

## 16 INSTITUTES OF TECHNOLOGY AND POLYTECHNICS

(THE INSTITUTES OF TECHNOLOGY AND POLYTECHNICS WERE MERGED INTO THE NEW ZEALAND INSTITUTE OF SKILLS AND TECHNOLOGY FROM 1 APRIL 2020)

## 12 INDUSTRY TRAINING ORGANISATIONS

## 520 OTHER ORGANISATIONS

(INCLUDING OTHER TERTIARY EDUCATION PROVIDERS, ADULT AND COMMUNITY EDUCATION PROVIDERS, GOVERNMENT TRAINING ESTABLISHMENTS AND SECONDARY SCHOOLS)

## We approved

**funding for
37 micro-credentials
across 16 tertiary
education organisations**

The approved micro-credentials cover a broad range of industries and subject areas, including healthcare, forestry, biosecurity, construction, agriculture, and digital technology.

## We advised

**on and managed the
appointment process for 37
ministerial appointments
to tertiary education
institution councils**

These appointments included the Establishment Board of the New Zealand Institute of Skills and Technology (NZIST), the NZIST's first governing council.

## We engaged

**with our customers and stakeholders**

› Our Relationship Managers, Investment (RMIs) held 775 engagements across our 57 largest tertiary education organisations.

› During 2019/20 our customer contact group received 20,935 calls from customers and participated in 4,220 webchats. They also received:

› 33,097 Fees Free enquiries

› 20,968 Fees Free statutory declarations

› 26,823 enquiries from tertiary education organisations

› Our Business and Partnerships team have increased the awareness of TEC by building connections and relationships with the regions in order to support the learner journey. Our reach has expanded during the year and the stakeholders we now engage with include local government (Economic Development Authorities, Chambers and Councils), industry and employers, iwi/Pacific communities and education sector agencies.

› Business and Partnerships have held more than 700 engagements in the last year and have a growing database of over 100 stakeholders.

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## 212
**TEC FUNDED
PRIVATE TRAINING
ESTABLISHMENTS**

## 19,378
**PAYMENTS TO TERTIARY
EDUCATION
ORGANISATIONS IN
2019/20**

## 26,823
**ENQUIRIES FROM TERTIARY
EDUCATION ORGANISATIONS**

### 33,097
**FEES FREE
ENQUIRIES**

### 20,968
**FEES FREE
STATUTORY DECLARATIONS**

# Ngā Ihirangi

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Wāhanga tahi: Kupu whakataki

**Part one: Introduction**

# Ko tā te Kaihautū whakataki

**Tēnā koutou,**

**E ōku rangatira, nei te mihi atu ki a koutou katoa.**

**Ka mihi ki tō koutou māia i ēnei rā, e rerere haere ana te mauiui kino nei, a Korona, ki ngā tōpito katoa o te ao. E kore e mutu ngā mihi ki ērā o koutou e manaaki ana, e arahi ana i o tātou kura wānanga katoa huri noa i a Aotearoa me te Waipounamu. Me ōku mihi aroha ki ngā akonga katoa, ki ngā whanau katoa, ki ngā kaipakihi katoa o Aotearoa i tēnei tau taumaha.**

**Heoi anō, kei te Waipounamu taku kainga, kia tīkina atu e au tērā korero o ōku hoa o Kai Tahu, kia kaha rā tātou ki te rapu mātauranga hei oranga- "mo tātou, ā, mo kā uri a muri ake nei."**

E harikoa ana ahau ki te whakatakoto i tā Te Amorangi Mātauranga Matua, (TEC) pūrongo ā Tau mō te tau 2019/20.

He tau nui te 2019/20 i ngā panonitanga nui me te wero nui mō TEC, ngā tauira mātauranga matua, ngā kaituku ratonga mātauranga matua, me Aotearoa whānui. Tuatahi, me mihi ka tika ki te manawanui me te aukaha o ngā tauira mātauranga matua ki ā rātou nā akoranga mō rātou anōni manawaroa ai, i mahi tahi ai ahakoa ngā rerekētanga me ngā taumahatanga o tēnei tau ako.

Tuarua, me mihi ki te rāngai mātauranga whānui me tō rātou aronga pū, aukaha, mahi tahi hoki i te pūnaha e mahi ana kia ū tonu te tukunga i te ratonga mātauranga matua i te wā o te mate urutā COVID-19. Ki ngā kaimahi TEC me te taumata whakahaere matua, tēnā rā koutou mō koutou i ngākau nui ai ki te tautoko me te tuku ratonga hoki ki te rāngai mai rā anō i te taenga mai o te mate urutā COVID-19 ki Aotearoa.

Nā te urutau wawe o TEC me te whakatere ake i ngā panonitanga ā-pūnaha e tika ana hei āwhina i te urupare ā-motu me te oranga anō i te COVID-19, koia i māia ai, i aro ai hoki te mātauranga matua me ngā pūnaha ara mahi hei painga mō ngā ākonga, ngā kaitukumahi me ngā hapori. Ahakoa tonu, kua kore ngā whāinga matua a TEC e tino panonihia i ngā mate kua kōrerotia, kua whitawhita ake ngā mahi a TEC me te putanga ake rā o ngā huarahi hou mō ngā tauira, kaitukumahi me ngā kaituku mātauranga matua.

I te mutunga o te tau 2019, i waihanga, i whakaae hoki te Poari i te 'pūtaketanga me te whakakitenga' a TEC me te whakarite hoki i ētahi whāinga rautaki mā te tari. E whakatutuki ai i te pūtaketanga me te whakakitenga me whai māramatanga mātou i ngā tini panonitanga o ngā ākonga katoa, ngā hapori me ngā kaitukumahi. Ka whakamahia ēnei tirohanga hei tārai, hei tūhono i tētahi pūnaha tūhonohono,

whakaratarata hoki e tuku ai i te whakangungu me te rangahau hoki e whakaihu waka ana ki te ao, me te tautoko hoki i ngā ākonga kia angitu.

Kua kauneke haere te Whakahoutanga Mātauranga Ahumahinga (RoVE) i tēnei tau, ā, kua whai take kia aukaha kē atu te rāngai me ngā tūhononga mahi ngātahi i ngā aratakinga a TEC. I tōna whakaūtanga hei ngā tau e tū mai nei, ka hua mai i ēnei panonitanga tētahi pūnaha mātauranga ahumahinga, pūnaha whakangūngū pai ake mō ngā ākonga me ngā kaitukumahi, ā, ka tuku hoki i tētahi pūnaha mātauranga ahumahinga kounga rawa, tōtika, toitū hoki.

He aronga pakari te hōtaka hukihuki a Ōritetanga Angitu Ākonga mā te Poari me tētahi hua angitu mō te tau mō TEC. Tēnā rā koutou e ngā wānanga mātauranga matua e whā i uru mai ki tēnei hōtaka hukihuki. Ko ngā kitenga e pā ana ki te whakatutuki i ngā hiahia o ngā tauira, ina koa, ngā tauira Māori, ngā tauira Pasifika me ngā ākonga whaikaha kei te para haere i ngā panonitanga e pai ake ai te tautoko i aua tauira me ō rātou haerenga mātauranga matua.

Ko te mana i te whiwhinga ōrite mō ngā ākonga katoa tētahi aronga matua mō TEC me āna mahi whakangao, aroturuki hoki, ā, mā te mahi tahi me te rāngai e mātua whakarite kia pakari ai tāna tuku tika ki ngā tini ākonga matahuhua o Aotearoa.

Kia ōrite te tuku ki ngā ākonga me te tuku ki ngā hapori me ngā kaitukumahi. Kua whakawhānuitia te āhua o ā TEC mahi mō ngā ara mahi i te tau nei kia pai ake tana tautoko i te panonitanga o te ao mahi me ngā hiahia ara mahi anamata o ngā tāngata o Aotearoa. Ko te aronga ā te tau e tū mai nei he tautoko i ngā tāngata o Aotearoa mō te anamata o te ao mahi me ngā wero COVID o te wā heke e pakari ai ngā ākonga ki ngā pūkenga, mātauranga me te māiatanga e tika ana kia tautokohia ngā hapori tōnui, manahau hoki me te ōhanga whai auaha, toitūtanga hoki.

Ka mutu, kei te hiahia au kia mihi ki a Nigel Gould, i tohua ki te Poari TEC i te 1 o Haratua 2013, ā, i tohua hoki ia hei Heamana mai i te 1 o Here-turi-kōkā 2017 ki te 30 o Kohitātea 2020. Waihoki, me mihi ki te pukumahi a ngā mema Poari ka wehe, a Vanessa Stoddart, a Chris Mace, a John Morris rātou ko Phil O'Reilly i noho hei mema poari i TEC mai i te tau 2013 ki te 2020.

**Jenn Bestwick**
Board Chair, Tertiary Education Commission

# Board Chair's foreword

**Tēnā koutou,**

**E ōku rangatira, nei te mihi atu ki a koutou katoa.**

**Ka mihi ki tō koutou māia i ēnei rā, e rerere haere ana te mauiui kino nei, a Korona, ki ngā tōpito katoa o te ao. E kore e mutu ngā mihi ki ērā o koutou e manaaki ana, e arahi ana i o tātou kura wānanga katoa huri noa i a Aotearoa me te Waipounamu. Me ōku mihi aroha ki ngā akonga katoa, ki ngā whanau katoa, ki ngā kaipakihi katoa o Aotearoa i tēnei tau taumaha.**

**Heoi anō, kei te Waipounamu taku kainga, kia tīkina atu e au tērā korero o ōku hoa o Kai Tahu, kia kaha rā tātou ki te rapu mātauranga hei oranga- "mo tātou, ā, mo kā uri a muri ake nei."**

It gives me great pleasure to present Te Amorangi Mātaruanga Matua, the Tertiary Education Commission's (the TEC) 2019/20 Annual Report.

The 2019/20 year has certainly been a year of significant change and challenge for the TEC, tertiary education students, tertiary education providers, and the country. I would like to acknowledge at the outset the commitment and effort of our tertiary students to their studies and thank them for their patience and co-operation in what has been a very different and difficult year to be studying.

I'd also like to acknowledge the wider sector and their focus, effort and collaboration as the system has worked to maintain delivery of tertiary education during the COVID-19 response. To our TEC staff and Executive Leadership Team, thank you all for your outstanding effort and dedication in supporting and delivering to the sector since COVID-19 arrived on our shores.

The TEC's ability to quickly adapt and accelerate the required changes in the system to assist with the national response and recovery from COVID-19, has helped to create a more resilient and focussed tertiary education and careers system for learners, employers and communities to benefit from. While it has not fundamentally changed what the TEC is here to achieve, it has increased the urgency of the TEC's work, and created new opportunities for learners, employers and tertiary providers.

Late in 2019, the Board developed and approved the TEC's 'purpose and vision' and created new strategic priorities for the organisation. Delivering on our purpose and vision requires us to understand the changing needs of all learners, communities and employers. This insight will be used to shape a joined up and responsive system that delivers world-class education, training and research and supports all learners to succeed.

During the year work has progressed on the Reform of Vocational Education (RoVE), requiring a huge sector effort and involving collaborative partnerships, led by the TEC. When implemented in the coming years, these changes will create a vocational education and training system that will be better set up to deliver for learners and employers, and will provide a high quality, streamlined and sustainable vocational education system.

The Ōretitanga Learner Success pilot projects have been a strong focal point of the Board and a success to note for the year for the TEC. Thank you to the four tertiary institutions who volunteered to participate in our pilot programme. The insights gained on how to better meet the needs in particular of Māori, Pacific and learners with disabilities are already driving changes that will see those learners better supported on their tertiary education journey.

Ensuring all learners can achieve equally in their studies will continue to be a strong focus for the TEC in its investment and monitoring activities, and through work with the sector to ensure that the tertiary education system is equipped to deliver for New Zealand's increasingly diverse student population.

Delivering for learners also means delivering for communities and employers. The scope and breadth of the TEC's careers work has broadened during the year to better support the changing nature of work and the future career needs of all New Zealanders. The focus in the coming year is to help prepare New Zealanders for the future of work and COVID challenges that lie ahead, through ensuring learners are equipped with the skills, knowledge and confidence needed to contribute to thriving and resilient communities and an innovative and sustainable economy.

Finally, I would like to acknowledge Nigel Gould, who was appointed to the TEC Board on 1 May 2013, and was appointed Chair from 1 August 2017 to 30 January 2020. I would also like to acknowledge the long term contributions of outgoing Board members Vanessa Stoddart, Chris Mace, John Morris and Phil O'Reilly who all served on the TEC Board from 2013 until 2020.

Board Chair, Tertiary Education Commission

# Ko tā te Tumu Whakarae whakataki

**Ko wai te maunga e tū mai rārā?**
**Ko Tararua, ko Tararua**

**Ko wai te maunga e tū mai rārā?**
**Ko Tararua, ko Tararua**

**Nukunuku mai, nekeneke mai**
**Nukunuku mai, nekeneke mai**

**Ki taku tauaro, kikini ai**
**Kikiki hei, kikiki ha**

**Tihei mauri ora!**
**Ōku mana, ōku reo, tēnā koutou katoa**

E whakapono ana mātou mēnā ka whai painga ngā ākonga i ā mātou tukunga, ka whai painga anō a Aotearoa.

Mā roto i ā mātou mahi ka tautokohia ngā ākonga kia mārama, kia kapo i ngā whiwhinga oranga katoa e whakangungu ai, e pakari anō ai rātou me te urutau ki ngā wero hou.

Mēnā ka whai painga ngā ākonga i ā mātou tukunga ka whai painga hoki ngā hapori me ngā kaitukumahi. Ka pēnei mātou mā te mahi tahi me rātou kia pakari ai ngā ākonga ki ngā pūkenga, mātauranga me te māiatanga e tika ana kia kokomo atu ki ngā hapori whai oranga, manahau hoki me te ōhanga whai auaha, toitūtanga hoki.

Ahakoa ngā wero o te tau nei, kua tata tonu te mahi a Te Amorangi Mātauranga Matua (TEC) me ō mātou hoa kōtui, ratonga mahi anō hoki kia mātua whakarite i te rāngai ki te tautoko i ngā ākonga me ngā kaituku mātauranga matua i te roanga o te mate urutā COVID-19. Ko tētahi tauira matua, ko ngā whare wānanga me ngā momo Kuratini me te hiahia kia tuku i te akoranga mā te ao matihiko nā runga i ngā pātanga o te mate urutā COVID-19 i te rāhui tuatahi. He pāneketanga nui tēnei i whai take ai a TEC ki te kōkiri i ngā panonitanga mō te pūnaha tonu.

E wawe tonu ana te Whakahoutanga Mātauranga Ahumahinga (RoVE) āpiti hoki ko te waihangatanga o te hōtaka RoVE me te whakatūhanga o Te Pūkenga.

Ko te pātanga o te mate urutā COVID-19 te pūtake o ētahi wāhanga o RoVE kia wawe atu te kōkiri i tēnei kaupapa tērā i whakamaheretia ai ki te tautoko i te oranga anō o te ōhanga o Aotearoa me ōna tāngata. Nā konā, ko ngā hua hou e rua a RoVE, i whakatere ake i te hanganga o te Kaunihera Whanake Ohumahi me te Rōpū Arataki Pūkenga ā-rohe ki te tautoko i te oranga ōhanga o Aotearoa me ōna tāngata. Ko te aronga o ngā kaupapa nei he whai kia nui ake ngā huarahi e whai wāhi atu ai te ahumahi me ngā kaitukumahi ki te mātauranga ahumahinga, e taea ai e ngā ākonga te whai i te mātauranga e hāngai ana, e tāwariwari ana, e tautokohia ai rātou i ā rātou whakangungu o nāianei me te whakatipu i ngā pūkenga i ngā rohe.

Āpiti nei ki ēnei mahi kua aro tonu mātou ki ā mātou haumi me ngā mahi matua mō ngā ara mahi. E mahi ana mātou ki te waihanga i tētahi pūnaha mātauranga matua e tika ana mō ngā ākonga katoa, tāpiri hoki ko ngā tini ākonga Māori, ākonga Pasifika, me ngā ākonga whaikaha, kāore e kaha ana te whakauru ki te ako, te tutukitanga rānei i ngā taumata o runga. Hei tohu i tō mātou titikaha ki te waihanga i tētahi pūnaha mātauranga matua e pai ana mō te katoa, kei te whakararau mātou i te angitu o te ākonga ki tā mātou aronga haumi. Kei te whakaanga hoki te rāngai ki tēnei aronga engari he nui tonu ngā mahi hei whakaoti.

He autaia tonu ngā kokenga i te tau nei i te whanaketanga me te tuku i ngā wāhanga ara mahi. I whakapakari ake mātou i ngā hononga i waenga i ngā kura me te mahi mā tā mātou hōtaka Whakaaweawe i te Anamata e whakawhānui ana i ngā pae tawhiti me te karo hoki i ngā rītaha rehurehu ara mahi.

E mōhio ana mātou mā te tūhonohono e angitu ai mātou. E pōhiritia haeretia ana e mātou ngā hononga ki ngā kāwanatanga ā-rohe, ngā umanga me ngā kaitukumahi, ngā iwi, ngā hapori Pasifika me te rāngai tūmatanui me ngā ratonga pūnaha mātauranga. E mahi tonu ana a TEC ki te tuku me te whakaū i te taupuatanga ki ngā ākonga me ngā kaitukumahi ki te ahunga e hiahia ana.

Ka mutu, kei te hiahia au ki te mihi ki ā mātou tāngata pukumahi, iho pūmanawa hoki, he whai take nui ā rātou mahi ki te whakatutuki i ngā hua a TEC mō te taha ki ngā tāngata katoa o Aotearoa. Kīhai i taea ngā tutukitanga kua takoto ki tēnei pūrongo ki te kore rātou e whakapau kaha, e mahi ngātahi me ngā hoa kōtui huri noa i te pūnaha mātauranga matua me ngā pūnaha ara mahi.

**Tim Fowler**
Chief Executive, Tertiary Education Commission

# Chief Executive's introduction

**Ko wai te maunga e tū mai rārā?**

**Ko Tararua, ko Tararua**

**Ko wai te maunga e tū mai rārā?**

**Ko Tararua, ko Tararua**

**Nukunuku mai, nekeneke mai**

**Nukunuku mai, nekeneke mai**

**Ki taku tauaro, kikini ai**

**Kikiki hei, kikiki ha**

**Tihei mauri ora!**

**Ōku mana, ōku reo, tēnā koutou katoa**

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

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

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

While it has been a challenging year, the Tertiary Education Commission (TEC) has continued to work closely with our partners and agencies to ensure the sector was well prepared for and able to support students and tertiary education providers through the COVID-19 pandemic. A key example of this has been universities and Institutes of Technology and Polytechnics/Institute of Skills and Technology needing to deliver virtually as a result of COVID-19 and the initial lockdown. This has been a huge shift and has required the TEC to drive the change at the system level.

Work has continued at pace on the Reform of Vocational Education (RoVE) including the formation of the RoVE programme and the establishment of the New Zealand Institute of Skills and Technology.

The impact of the COVID-19 pandemic was the catalyst for some elements of RoVE to proceed faster than originally planned to support the economic recovery of New Zealand and New Zealanders. As a result, two RoVE initiatives, the formation of Workforce Development Councils and Regional Skills Leadership Groups, have been accelerated to support the economic recovery of New Zealand and New Zealanders. These initiatives are focused on increasing opportunities for industry and employers

to be involved in vocational education, ensuring learners can access relevant and flexible education and training, supporting learners in their current training, and building skills in the regions.

Alongside this work we have also remained focused on our investment and careers core business. We are working to create a tertiary education system that works for all learners, including many Māori, Pacific and disabled learners, with lower participation and achievement, particularly at higher levels. As part of our commitment to creating a tertiary education system that works for everyone, we are embedding learner success in our approach to investment. The sector is actively engaging in this approach, but there is still much to be done.

During the year we made significant progress in the development and delivery of our careers work streams. We strengthened the connection between schools and work through our Inspiring the Future programme which seeks to broaden horizons and tackle unconscious career biases by introducing role models from the world of work to young people in schools. We also completed a research campaign called Drawing the Future. The research helps us understand young people's aspirations and the factors that influence these. The findings will be used to shape Inspiring the Future.

We recognise that our success is built on partnership. We continue to welcome opportunities to collaborate with local government, industry and employers, iwi/Pacific communities and public sector and education system agencies. The TEC has continued to deliver and ensure learners and employers are supported and direction is provided where required.

Finally, I want to acknowledge our talented and dedicated people. The work they do is critical to achieving the outcomes that the TEC is working towards on behalf of all New Zealanders. The achievements outlined in this report would not have been possible without their collective efforts, and the cooperation and contribution from our partners across the tertiary education and careers systems.

**Tim Fowler**
Chief Executive, Tertiary Education Commission

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

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

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

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

Our investment in the tertiary education system supports more than 700 tertiary education organisations across New Zealand to provide all forms of post-secondary school education, including foundation education, vocational education and higher education, including research.

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

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

Our statutory functions require us to:

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

› collect and provide information about study and work options

› provide information and services to help career seekers prepare to move to work or further study

› strengthen the connections from education to employment, and

› advise the Minister on tertiary education organisations and sector performance, and on the operational impact of policy.

Wāhanga rua: Kupu whakataki

**Part two: Our contribution
to government priorities**

# Tō mātou urupare ki te urutā COVID-19
# Our response to the COVID-19 pandemic

**We were proactive in our response to the COVID-19 pandemic in supporting the education sector**

COVID-19 presented many challenges and opportunities for the education sector. We adopted a proactive multi-layered communication and engagement approach during the COVID-19 response, which ensured we provided timely advice and support to the sector.

Our responses included:

› **Working with other agencies and stakeholders** – At a very early stage we convened a cross-agency committee to respond to sector concerns and facilitate appropriate Alert Level guidance. We also established an internal enquiries triage team that enabled us to quickly identify and anticipate issues or concerns, and respond to them in a timely manner. To keep the sector informed and up-to-date with public health announcements and general advice, we also developed a regular information bulletin and webpage. In addition, we launched a 0800 number for students and their whānau. To ensure learners were heard, we regularly engaged with Student Associations and Student Unions, which was fed back into cross-agency committee and sector meetings.

› **Supporting tertiary education organisations** – To help reduce compliance pressure on tertiary education organisations and provide financial certainty, we identified a number of areas where compliance burdens could be reduced. This included communicating the Minister's decision to maintain scheduled payments to tertiary education organisations and not to action normal funding recoveries for the 2020 year – which was well received by the sector. In order to reduce operational pressure, we extended the investment planning round, while still committing to complete final allocations on time. We also varied funding conditions to allow for longer timeframes to complete some courses and phased the related funding. At the start of lockdown, we also supported tertiary education organisation cash-flow constraints by delaying the recovery of unused 2019 funding. To support researchers and PhD students whose work was disrupted by the lockdown, the funding for the ten Centres of Research Excellence was extended by six months to June 2021. To support health sector workers during the pandemic we worked with industry training organisations to enable Careerforce to develop short training programmes for the health sector.

› **Supporting student wellbeing** – There were around 6,600 students in provider managed accommodation during the lockdown period. Our cross-agency committee helped to support providers in managing the pastoral care of their learners throughout the various stages of lockdown. The sector continues to monitor the mental health and wellbeing of students and any reported issues are actively supported by the TEC and other agencies.

**Our pandemic response work links to two of our goals:**

**Strategic Goal 1: Supporting all learners to succeed.** More information about the work we do in Strategic Goal 1 is provided from **page 34**, and

**Strategic Goal 3: Building provider capability and monitoring performance.** More information about the work we do in Strategic Goal 3 is provided from **page 48**.

› **Strengthening our careers response** – Our careers response is an important support for wider government initiatives. We launched a programme of enhanced career services that focused on increasing the reach and accessibility of career information and support for New Zealanders who were seeking help to identify their skills, retrain, upskill or make a decision about their future career path. The programme promoted an updated careers.govt.nz website and printed Job Hunters' Workbook that was distributed at community locations (such as libraries and Ministry of Social Development service centres) for people who could not access online resources. Our careers.govt.nz website has key information on over 400 jobs, the training and qualifications required for these jobs, as well as tools to assist with job hunting. Job seekers now have easy access to career planning information, updating their resumes with the CV Builder tool, guidance on setting up a LinkedIn profile, and information on attending remote interviews.

**As part of Budget 2020, the Government established a number of initiatives to support a response to and recovery from COVID-19**

We delivered the Hardship Fund for Learners and Technology Access Fund for Learners:

› **The Hardship Fund for Learners** was established in May 2020 to help tertiary education organisations provide financial assistance to their learners who were facing hardship due to the COVID-19 pandemic. The Fund was drawn from the TEC's 2019/20 underspends. It could be used to cover any basic living costs that the tertiary education organisations' currently enrolled learners were unable to meet, including, but not limited to, food, utilities, rent or other unexpected expenses. All funding was distributed by the end of June 2020, with approximately $19.5 million being allocated to 121 tertiary education organisations.

› **The Technology Access Fund for Learners (TAFL)** helps tertiary education organisations provide devices and internet connections to their learners who are unable to access online learning. Between its establishment in May 2020 and the end of June 2020, $12.6 million of TAFL had been allocated to tertiary education organisations. Additional TAFL funding is still available until the end of 2020, and is allocated through an application process.

› **The Targeted Training and Apprenticeship Fund (TTAF)** will support learners to undertake vocational education and training without fees from 1 July 2020 to 31 December 2022. This includes all apprenticeships and other training or vocational education at levels 3-7 across six targeted areas. It is targeted towards industry skill needs where demand from employers for these skills will continue to be strong, or is expected to grow, during New Zealand's recovery period from the impacts of COVID-19, with priority areas including primary industries, construction, community support, manufacturing and mechanical engineering and technology, electrical engineering, and road transport (vehicle operations). This included reviewing and publishing over 1,700 vocational and trades training programmes to determine their eligibility for funding. We also allocated $54 million in funding to 62 organisations offering eligible programmes.

**Our processes and staff were well prepared for the COVID-19 pandemic and resulting lockdown**

Our internal response to the COVID-19 pandemic was a success.

We have an existing Pandemic Response Plan which forms part of our wider Business Continuity Plan. The Business Continuity Plan is reviewed and tested regularly, with emergency response exercises held twice a year. As part of our Pandemic Response Plan, we have a governance structure which guides the assessment of information and decision making.

We began convening our Critical Incident Management Team early in February 2020 to understand COVID-19 and to make initial preparations should it become a global pandemic. Our primary focus from the outset has been to protect staff welfare and ensure the continuation of critical business functions.

Prior to the lockdown we tested the ability of all staff to work remotely. This showed that we had the ability for all staff to work remotely and at short notice. This enabled us to transition to full remote working for all staff when the COVID-19 lockdown came into force. Whilst we operated remotely during the lockdown, in all other respects operations have been unaffected.

Internal surveys have highlighted that the way we communicated with staff also played a key role in keeping our staff informed, engaged and supported throughout. We had a particular focus on the four pillars of health: mental, physical, whānau and spiritual.

We continue to regularly test our remote working capability and our wider business continuity readiness.

# Te arotahi ki te ōritetanga me te hauora
# We are focused on equity and wellbeing

**Our approach to learner success**

We are working to create a tertiary education system that works for all learners, including many Māori, Pacific and disabled learners with lower participation and achievement, particularly at higher levels. We know that our current system does not deliver equity for learners and that this has substantial economic, social and cultural costs for whānau, communities and New Zealand, now and increasingly in the future. Using our existing TEC functions and a focus on increasing the sector's learner centred capability, we are focused on making system-level changes needed to achieve equity.

In 2019/20 we built on our learner success work programme, which included some key pieces of work.

› Developing a framework to shift from piloting the learner success approach to building a sector-wide approach, specifically increasing our engagement with non-pilot tertiary education organisations.

› Implementing a work programme to improve outcomes for disabled learners. This work includes: increasing data held; providing best practices resources for supporting disabled learners; and introducing specific funding requirements around disability action plans.

› Further embedding learner success into our Investment Plan process, with all tertiary education organisations over $5 million expected to submit a learner success plan this year.

› Supporting the Reform of Vocational Education development and implementation to ensure learners and their whānau are at the centre.

› Developing and strengthening our relationships in regions, and with industries and communities, to ensure their voices are connected to building a learner-centred system.

› Supporting the implementation of our careers system strategy, specifically Inspiring the Future.

*The success of our Ōritetanga conference was an important catalyst for our equity and learner-centricity work*

In August 2019, we hosted a conference in Auckland to share best practice on achieving equitable outcomes for learners. This included two world-leading experts keynoting the conference. The conference was attended by Ministers, local presenters and more than 300 representatives across the education sector and wider community in New Zealand.

Alongside sharing international best practice on lifting learner achievement, the conference showcased our tertiary education organisation partners and some of their early success with the learner success approach. We used the success and enthusiasm it created as a catalyst for our equity and learner-centricity work.

Off the back of the conference, we:

› led a New Zealand delegation to the 2020 Achieving the Dream conference in Maryland, USA, which included three TEC representatives, two Ministry of Education colleagues, and 14 representatives from six different tertiary education organisations

› initiated a partnership with Universities New Zealand to test the learner success approach at a sector level, and

› published conference resources on the TEC website to enable wider access to the presentations and materials.

**Our equity and wellbeing (learner success) work links to two of our goals:**

**Strategic Goal 1: Supporting all learners to succeed.** More information about the work we do in Strategic Goal 1 is provided from **page 34**, and

**Strategic Goal 3: Building provider capability and monitoring performance.** More information about the work we do in Strategic Goal 3 is provided from **page 48**.

**Building tertiary education organisation capability with our learner success approach**

Work with three of our learner success partners trialling our learner success approach is almost complete. In January 2020, we commenced a fourth pilot project with the Manukau Institute of Technology (MIT). The project with MIT will provide valuable insights in applying the approach with a large cohort of Pacific learners.

The funding provided to these four partner tertiary education organisations has helped us refine and validate our learner success approach, and the tools that will build tertiary education organisation capability and organisational focus. We have drafted the programme evaluation framework and begun to conduct formative evaluations across the pilots. Initial findings are confirming the learner success approach, and in particular highlighting the vital importance of buy-in and support from tertiary education organisation leadership (both governance and management). We are using these insights to develop effective and efficient ways to scale and roll out this approach across the sector.

**Our investment decisions need to be learner centred**

As part of our commitment to creating a tertiary education system that works for everyone, we are embedding learner success in our investment approach. The work includes requiring tertiary education organisations to submit a learner success plan as part of their Investment Plans. Through Plan Guidance and our Investment Toolkit we have set clear expectations of tertiary education organisations and provided tools and guidance to support the development of learner success plans.

We expect tertiary education organisations to be able to evidence a realistic plan and approach to how they intend to improve outcomes for their learners. Specifically, we want to see evidence of a whole-of-organisation commitment at governance, management and leadership levels, to delivering greatly enhanced outcomes for Māori and Pacific learners, and disabled learners. Our confidence in a tertiary education organisation's ability to deliver on these learner success plans will be used to inform our funding decisions and hone our engagement and monitoring.

# Information technology can play an important role in supporting student achievement

Data analytics can be used by tertiary institutions to flag behaviours that could identify students who are at risk of dropping out, allowing early intervention with students who are struggling. This builds on the work that tertiary providers are doing around understanding their students.

We are taking it to a new level to understand what the drivers are of attrition, and how we can intervene to stop that happening. We are supporting our four tertiary education organisation learner success partners – the University of Waikato, Waikato Institute of Technology, Te Wānanga o Raukawa and Manukau Institute of Technology – to trial new ways of working with students. This is a key part of our wider goals of supporting Māori achievement, Pacific achievement, and supporting the achievement of New Zealanders with disabilities. We also recognise that those who are first in their families to do tertiary study need more support.

Ko te Whakahoutanga Mātauranga Ahumahinga he rite ki te kōtuku rerenga tahi hei tuku i tētahi pūnaha kōmitimiti mō te mātauranga ahumahinga me te whakangungu hei painga mō ngā tāngata katoa o Aotearoa

**The Reform of Vocational Education (RoVE) represents a once in a generation opportunity to deliver an integrated system of vocational education and training that benefits all New Zealanders**

In a system with over 230,000 apprentices, learners and trainees, tens of thousands of teachers, support staff, employers and industry, 400+ private training establishments, three wānanga and many more whānau – the reform will reach across all of New Zealand. It is a long-term, complex and far-reaching system reform that is creating a new way of thinking about vocational education.

Ultimately, RoVE is about a nationwide network of provision that will respond to a fast-changing future of skills, learning and work. It will:

› deliver for the unique needs of all learners, including those who have been traditionally under-served, such as Māori, Pacific, and disabled learners

› reach out to parts of New Zealand that haven't had an opportunity to be well served

› enable a seamless experience for learners across modes of delivery and a consistent experience throughout New Zealand

› make it easier for learners to come into the system, stay in and help them get job ready

› be relevant and responsive to the changing needs of employers

› respond to regional needs

› be collaborative, innovative and sustainable for all regions of New Zealand, and

› uphold and enhance Māori Crown partnerships.

**Drivers of the reform**

Despite the best efforts of many vocational education professionals and organisations, structural features of the system drove them to compete over funding rather than collaborate to deliver the best outcomes for learners and employers.

Some institutes of technology and polytechnics have been under considerable financial stress arising from multiple factors, including declining domestic enrolments, high fixed costs, pressures of responding to changes in policy, and funding models that do not reflect cost structures. COVID-19 has further impacted this situation. The impact of closed borders on international student numbers and changes in regional/industry and sectorial demand represents a significant new driver.

The system has become overly complex, making it hard for first-time learners to achieve good outcomes from vocational education. In particular, Māori and Pacific learners, and those with disabilities.

## Te whakahoutanga me ōna panoni e whitu

## THE REFORM AND ITS
# SEVEN
## KEY CHANGES

**In August 2019, the Minister of Education announced decisions on the reform; with seven key changes, which are:**

**1.** **Create Workforce Development Councils**

The Workforce Development Councils (WDCs) will help industry take a lead by having a forward, strategic view of the future skills needs of industries. They will set standards and ensure these standards are being met by learners. Through skills leadership plans they will set a vision for the workforce and influence the vocational education and training system.

**2.** **Establish Regional Skills Leadership Groups**

Regional Skills Leadership Groups (RSLGs) will provide advice about the skills needs of regions to the TEC, WDCs and local vocational education providers. They will better manage the changing skills and workforce needs in our regions and cities, and support the recovery of labour markets. The RSLGs feature regional industry leaders, economic development agencies, iwi and government representatives who will contribute their knowledge and local expertise.

**3.** **Establish Te Taumata Aronui**

The purpose of the group is to work with and provide independent recommendations and advice to Ministers and officials on how tertiary education can respond better to the needs of Māori learners and communities. The focus of Te Taumata Aronui is to help design an education system that reflects the Government's commitment to Māori-Crown partnerships.

**4.** **Create a New Zealand Institute of Skills and Technology**

The New Zealand Institute of Skills and Technology (NZIST) brings together the existing 16 institutes of technology and polytechnics into one organisation, and over time will develop the capability to support work-based, campus-based and online learning as a unified system.

**5.** **Transition the role of supporting workplace learning from industry training organisations to providers**

The new institute and other providers would support workplace-based on-the-job training, as well as delivering education and training in provider-based off-the-job settings, to achieve seamless integration between the settings and to be well connected with the needs of industry.

**6.** **Establish Centres of Vocational Excellence**

Centres of Vocational Excellence (CoVEs) will play a significant role in driving innovation and excellence in vocational education by strengthening links with industry and communities. They will support the growth of quality vocational education through sharing high quality curriculum and programme design.

**7.** **Unify the vocational education funding system**

A unified funding system will apply to all provider-based and work-integrated education at certificate and diploma qualification levels 3 to 7 (excluding degree study) and all industry training.

**Alongside these seven key areas, there are a number of other changes encompassed by the reform, including the need to modernise the New Zealand Qualifications Framework.**

# Kua kaneke haere te Whakahoutanga o te Mātauranga Ahumahinga (RoVE) i tēnei tau

## The Reform of Vocational Education (RoVE) has progressed this year

**The RoVE programme was established following Cabinet decisions in July 2019**

We worked with a multi-agency team (TEC; Ministry of Education; Ministry of Business, Innovation and Employment; New Zealand Qualifications Authority; New Zealand Institute of Skills and Technology) to implement the proposals.

*A three phase change approach to implement the structural changes of the reform was adopted*

Over the last year, phase one of the reform, which was about design and amalgamation, was successfully delivered. The phases are:

*Phase one: 1 August 2019 – 30 June 2020: design and amalgamation*
The RoVE programme was established in phase one with the focus primarily on major policy design (such as the new legislation) and the high-level design of new entities in the vocational education system – Workforce Development Councils (WDCs), Regional Skills Leadership Groups (RSLGs), and the initial design of the New Zealand Institute of Skills and Technology (NZIST). This phase also saw the creation of the NZIST Establishment Unit as a sub-unit of the Ministry of Education, to complete the foundational work required for the amalgamation of the 16 institutes of technology and polytechnics into the NZIST on 1 April 2020, as well as a strategic view for the NZIST beyond 1 April 2020.

*Phase two: 1 July 2020 – 31 December 2022: transition and integration*
Phase two will see the 'operationalisation' of the policy set in phase one. New entities will be created and existing entities will transition to their future state.

*Phase three: 1 Jan 2023 onwards: unification*
This is the phase where the majority of outcomes will be achieved and the benefits of a unified network of delivery will be realised.

**Changes to RoVE brought about by the COVID-19 pandemic**

The impact of the COVID-19 pandemic was the catalyst for some elements of RoVE to proceed faster than originally planned to support the economic recovery of New Zealand and New Zealanders. As a result, two RoVE initiatives, the formation of WDCs and RSLGs, have been accelerated. These initiatives are focused on increasing opportunities for industry and employers to be involved in vocational education, ensuring learners can access relevant and flexible education and training, supporting learners in their current training, and building skills in the regions.

To accelerate the formation of WDCs ahead of the original target date of mid-2021, six skills-based interim Establishment Boards (iEBs) were formed and appointed by our Chief Executive. The iEBs are tasked with progressing governance arrangements and consulting with industry on the core components of the Order in Council necessary to establish all six WDCs as legal entities. WDCs will be formally established later in 2020.

In addition, the Ministry of Business, Innovation and Employment has worked to stand up 13 interim RSLGs, with the remaining two aiming to be stood up by the end of September 2020. For the first year, the groups have been set up on an interim one-year basis, with a mandate to gather local intelligence that supports the COVID-19 response.

**The Reform of Vocational Education links to two of our goals:**

**Strategic Goal 2: Connecting educators and employers.** More information about the work we do in Strategic Goal 2 is provided from **page 44**, and

**Strategic Goal 3: Building provider capability and monitoring performance.** More information about the work we do in Strategic Goal 3 is provided from **page 48**.

**We had a number of RoVE highlights this year**

*Te Taumata Aronui*

Te Taumata Aronui is an opportunity for Māori and the Crown to work more closely on changes to the tertiary education system, including through the Reform of Vocational Education, so that it better supports the aspirations and reflects the needs of Māori learners, communities and employers.

We will continue to work closely with Te Taumata Aronui members who are contributing to various projects across the RoVE programme.

*Workforce Development Councils (WDCs)*

A robust design process has been undertaken to provide high level design recommendations, including in relation to the future WDC operating model. This was a collaborative process that included 50 industry representatives comprising of a design group of 12 members and a wider reference group of 38 members. The WDCs' operating model design recommendations will be provided to incoming WDC boards to inform the structuring of their organisations and highlight areas for collaboration, including shared services.

*Regional Skills Leadership Groups (RSLGs)*

From September 2020, a team from the Ministry of Business, Innovation and Employment held sessions with stakeholders across the country to help shape what the RSLGs would look like and how they would operate. Many participants agreed with some of the key features of the proposal, such as RSLGs building on existing regional labour market planning and RSLGs being led by the regions, for the regions.

Proposals for each region were formed to outline how each RSLG could work, based on learnings from these regional engagements.

*Establishment of the New Zealand Institute of Skills and Technology (NZIST)*

Following the announcements in August 2019, an establishment unit was created as a sub-unit of the Ministry of Education. The unit was tasked with completing ten foundational workstreams to enable the NZIST to operate on 1 April 2020 including:

›   institutes of technology and polytechnics stood up as subsidiaries from 1 April 2020, including the appointment of a Board of Directors for each NZIST subsidiary, with over 370 applications received, and

›   a Registration of Interest process undertaken, with 11 regions indicating interest in hosting the NZIST head office across New Zealand. The Minister subsequently made the decision for the NZIST head office to be located in Hamilton, as per the Establishment Unit Board's recommendation.

The NZIST was formally stood up on 1 April 2020, with its Chief Executive commencing on 6 July. These are the first steps in creating a new organisation.

*Transitional industry training organisations*

We are regularly engaging with the transitional industry training organisations and have commenced transition planning.

Initial transition plans were received from the 11 transitional industry training organisations in mid-June 2020. These initial plans outline what they do, and where and how they do it. It also outlines their preferred approach for transitioning their standard setting and arranging training functions.

We continue to review and engage with the transitional industry training organisations and will work with them and the wider TEC, the NZIST and other key stakeholders to develop an approach supported by all parties that provides for all 11 final transition plans to be submitted for assessment.

We expect to receive final transition plans before the end of 2020 and are targeting approving them over the course of the first half of 2021, with some flexibility for those that wish to transition more slowly.

### Centres of Vocational Excellence (CoVEs)

We undertook consultation and co-design of two pilot CoVEs through a series of workshops to discuss their appropriate scope and function. The workshops involved approximately 170 stakeholders from the construction and primary sectors.

A Registration of Interest process was initiated in December 2019. The first two pilots have been established. They are a Food and Fibre Sector CoVE and a Construction and Infrastructure CoVE.

The Food and Fibre Sector CoVE consortium is made up 54 organisations and will be hosted by the NZIST through its subsidiary the Eastern Institute of Technology at Taradale. Additional CoVEs will be established as funding allows, taking account of the lessons learned during the pilots.

### Unified Funding System (UFS)

We are working closely with the Ministry of Education on developing a UFS that is simple, relevant and responsive to learners and employers. The project is focusing on three new funding components: the Funding Category Component, the Learner Component and the Strategic Component.

A funding reference group was established to support officials in the design of the system. The group first met in September 2019 and informed advice to the Minister in November 2019 on high level policy design choices for the UFS. The team continue to progress the next stages of policy advice.

It is expected that the new funding system will be rolled out from 1 January 2023. The COVID-19 pandemic presents opportunities to implement some components of the UFS earlier, and these are being considered to support recovery.

### The New Zealand Qualifications Framework

The New Zealand Qualifications Authority's role in the Reform of Vocational Education is to make sure that, while this future world comes to life, learners continue to be confident in the quality of their education, whether learning in a classroom, a workplace or online, and gain qualifications which are credible, robust and recognised, both locally and internationally.

There are a range of changes that the New Zealand Qualifications Authority needs to make to ensure that the qualifications remain credible and relevant in this new world.

Considerable work has been done with the Ministry of Education and industry training organisations to ensure the transition to the new system is as smooth as possible. The aim is to ensure that all learners, including trainees, will be able to continue and complete their training as appropriate.

**We also progressed other RoVE activities this year**

### Development of an outcomes framework

The RoVE programme has begun to develop an outcomes framework which will describe outcome measures for the programme and map outcomes to each project. This work will provide clarity on how projects will contribute to the overall aspirations of the reform.

### Development of a system blueprint

A detailed blueprint of how the new vocational education and training system will operate is well underway. The blueprint will describe how the components of the system work together to deliver the intent of the reform. The blueprint will help inform our work around our operational readiness for RoVE, as well as explaining how each entity will operate by itself, in conjunction with others and as part of the entire system. This work will allow us to take the components of the blueprint we are responsible for and design and implement those components by the end of 2022.

### Development of a monitoring framework

We have commenced initial work on the development of a monitoring framework needed to be put in place to monitor the NZIST. We have also commenced work on how our monitoring arrangements will change (or remain the same) as a result of the reform.

# Sector engagement

Effective stakeholder engagement and management is a key strategic objective and fundamental to successfully meeting the objectives of RoVE. Alongside the Ministry of Education, Ministry of Business, Innovation and Employment, and New Zealand Qualifications Authority, we have been actively engaging with learners and employers, affected organisations and key sector stakeholders since 1 August 2019

Engagement since the programme's inception has been largely focused on stakeholder education and awareness on what the RoVE programme is and how it will progress. This has included early sector and industry involvement in the WDC/industry training organisation transition development work and the establishment of NZIST on 1 April. Effective engagement is essential to not only make sure our stakeholders are informed about what we are doing, but also provide opportunities to get feedback from them, where appropriate, before we make decisions.

The much needed focus on stakeholder engagement, particularly face-to-face, across the RoVE programme and our partner agencies has been commendable. A lot of resources and senior personnel time has been dedicated to talking and listening to stakeholders across the sector since the announcement of the reform in August 2019. This approach has greatly assisted in education, myth-busting, improving knowledge and awareness of the programme and how it will progress. Stakeholders remained engaged and a number of stakeholder groups have become openly supportive of the reform as a result of this work.

**Looking forward**

During phase two, new entities will be created and existing entities will transition to their future state. New and existing functions and systems will be integrated across and within organisations, and specifically the TEC, New Zealand Qualifications Authority, Ministry of Business, Innovation and Employment and the NZIST.

Further detailed design work on two key enablers for the new system – the UFS and the NZIST operating model – will continue. By the end of phase two, all structural components of RoVE will have been completed and the system will be ready to adopt the UFS. Some implementation will continue into phase three, including adopting the new NZIST operating model and the UFS.

OPEN

OPENING HOURS

MON-FRI    am-3pm

SAT-SUN   8am-4pm

# Autaia tonu te nekehanga o tā matou kawenga mō te taha ara mahi
# We have significantly shifted our role in careers

During the 2019/20 year, we have made significant progress in the development and delivery of the workstreams outlined in the Careers System Strategy. This includes the completion of Market Segmentation research, Drawing the Future research, Inspiring the Future trials and design of a Minimum Viable Product for the Online Careers Planning Solution.

In addition, we responded to the impacts of COVID-19 on displaced workers with new content on our website, new resources and a marketing campaign to raise awareness of these resources.

Our careers work can be grouped into two legislative requirements:

1. **To provide a publicly available careers information service that includes a database of information about occupations and tertiary education and training.**

   › The jobs database is one of the key areas that people visit to get information about a particular job – including its current labour market demand, pay range and qualification and training requirements. There are over 400 jobs in the jobs database and these are constantly being updated to reflect changes in demand, such as the impacts on many industries from COVID-19.

   › A COVID-19 rapid response team of representatives from across the TEC was formed in March 2020 to develop content and resources to support displaced workers and youth in the changing employment landscape. This included collaboration with similar teams at other government agencies and organisations. This team helped provide evidence and insights for new content on the website, including the Job Hunters' Workbook.

   › We conducted a marketing campaign that ran during June to raise awareness of the resources and tools available on careers.govt.nz. This attracted over 20,000 people to the COVID-19 hub, and 2,455 to the jobs database.

› The new COVID-19 hub page contains content about the transferable skills in the retail, tourism and hospitality sectors that can underpin shifts to new jobs in other sectors. Job seekers have easy access to career planning information, updating their CVs with the CV Builder tool, how to set up a LinkedIn profile and information on remote interviews.

› We have printed 15,000 Job Hunters' Workbooks and distributed them via Ministry of Social Development offices and libraries around New Zealand, and 700 electronic versions have been downloaded via careers.govt.nz.

› We have conducted user research on the current structure and design of the jobs database to improve its future effectiveness, including the use of more video and graphics in the role profile descriptions, and automated data feeds to reduce the manual nature of existing updates.

**Our careers work links to two of our goals:**

**Strategic Goal 1: Supporting all learners to succeed.** More information about the work we do in Strategic Goal 1 is provided from **page 34**, and

**Strategic Goal 2: Connecting educators and employers.** More information about the work we do in Strategic Goal 2 is provided from **page 44**.

2. **To facilitate and strengthen the connections between schools, employers, and tertiary education organisations to ensure students are better prepared for employment and further education and training or both.**

   › We completed a research campaign called Drawing the Future that identified the narrow aspirations of children aged 7-13 and highlighted the need for more interactions between workers and school students.

   › We progressed the development of Inspiring the Future, a programme to bring role models from the world of work into schools to broaden the horizons of young people.

   › Our regional Business and Partnerships Managers are building connections with local economic development agencies, Education to Employment Work Brokers, Ministry of Social Development Job Connect staff and businesses to ensure the regions are closely connected and aligned to our work.

**Relationship management/sector engagement**

› The Relationship Management teams are working directly with schools, employers, economic development agencies, local government and community groups to leverage opportunities in communities or in a particular employment area. This engagement has elicited a strong response.

› This work in the regions is also closely connected to preparations for establishing Workforce Development Councils, Centres of Vocational Education and Regional Skills Leadership Groups, as well as preparation for Inspiring the Future and the Online Careers Planning Solution.

› Our relationship teams are also working closely with other government agencies and organisations in the regions. We are also a key contributor to the design of the Employment, Education and Training website that will consolidate all the key information and initiatives available to help people impacted by COVID-19.

› Our Customer Contact Group integrated the TEC and Careers New Zealand customer contact teams as part of the integrated approach.

**Online Careers Planning Solution (Tiro Whetū)**

During 2019/20 we progressed our planning for an Online Career Planning Solution (Tiro Whetū)

During the year we ran a series of design sprints and undertook user testing on features of the solution, including job profiles and video content, self-awareness tools and learning pathways.

During the COVID-19 response we progressed our planning for the solution and developed a data prototype of a skills transferability tool, adapting our approach to respond to COVID-19 and New Zealand's economic recovery. We responded in the knowledge that COVID-19 will result in structural, as well as demand deficient unemployment and New Zealand's already high skills-mismatch would be exacerbated even further.

During the year we worked on designing the job matching feature of our Online Career Planning Solution that will help New Zealanders understand the transferability of their skills to a range of other jobs. Our hypothesis, and the basis of further testing, is that this will make job-to-job flows clearer and help raise confidence among job seekers that their past experience has provided them with skills relevant to other jobs that are more in demand.

We are now in the design phase for a Minimum Viable Product of the solution to be delivered from early-2021 to help displaced workers move between jobs. This will be the first focus of our testing and development.

We finished the 2019/20 year planning for design and development of the full Online Careers Planning Solution.

**The Inspiring the Future programme**

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

*Inspiring the Future*

Inspiring the Future is a programme that seeks to broaden horizons and tackle unconscious career biases by introducing role models from the world of work to young people in schools. This is an opportunity to raise aspirations, support children's growing understanding of personal identity and help bring learning to life.

Six schools in three regions confirmed their participation in trials of the programme, two were completed in March 2020 before schools were closed for the COVID-19 response, and the remaining four schools have agreed to dates in September to resume those trials.

While interactions with schools and businesses were on hold during April and May 2020, we were able to progress development of the online platform. Role models will be able to register to volunteer for an Inspiring the Future event, and schools can log-on to search for role models in their community and access the resources required to host an event.

A new dedicated website www.inspiringthefuture.org.nz has been developed and will have continuous improvements over the coming months until it is launched to schools in November 2020.

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

*Drawing the Future*

During October and November 2019, children aged 7-13 were asked to draw what they think they'd like to do when they grow up and answer a series of questions. We received a total of 7,700 drawings from over 200 schools, which were analysed and the results published.

# Drawing the Future research

The Drawing the Future research report was launched at Parliament on 19 February 2020. The research helps us understand young people's aspirations and the factors that influence these. The findings will be used to shape Inspiring the Future.

The results reflect two key things:

1. **Unconscious bias forms at a very young age.** International research has shown that career bias continues into secondary school subject choices. Therefore jobs and industries not reflected at this stage of life may continue to be outside of the horizon of many children in their future careers if they don't have early exposure to these options.

2. **Aspirations at this age are very narrow.** More than half of New Zealand children want to do one of the ten most popular jobs (52%). This narrow focus demonstrates the need to broaden our young people's horizons to show them all the career pathways that exist.

## The top ten jobs drawn by the children are as follows:

| Rank | Overall | Girls | Boys |
|---|---|---|---|
| 1. | Sportsperson | Sportsperson | Sportsperson |
| 2. | Vet | Vet | Social media/YouTuber/Influencer |
| 3. | Police officer | Teacher/lecturer | Police officer |
| 4. | Teacher/lecturer | Artist/Illustrator | Builder |
| 5. | Social media/YouTuber/influencer | Police officer | Army/Navy/Airforce/Firefighter |
| 6. | Artist/Illustrator | Doctor | Gamer/Professional gamer |
| 7. | Doctor | Singer | Farmer |
| 8. | Army/Navy/Airforce/Firefighter | Actor | Engineer (civil, mechanical, electrical) |
| 9. | Farmer | Chef | Scientist |
| 10. | Builder | Farmer | Airline pilot |

While the results are consistent with the international findings (20,000 drawings published 2018) there is a uniquely Kiwi aspect, with farming achieving one of the top ten roles overall, as well as within both boys' and girls' choices.

There are concerns about the absence of entire industries – mainly STEM subjects, such as finance, science and information technology. These are industries that need improved role profiles to improve the visibility and understanding of children at these young ages to broaden horizons and help to grow skills development for the future economy.

Wāhanga toru: Ko ō mātou whāinga rautaki
**Part three: Our strategic intentions**

# KO Ō MĀTOU WHĀINGA RAUTAKI

# OUR STRATEGIC INTENTIONS

Our strategic intentions reflect our role in supporting and developing high-quality and sustainable tertiary education and careers systems. We do this through sound, evidence-based investment in tertiary education, training and careers services that meet the needs of our society and economy and by contributing to current and future education system strategies as part of the Education Portfolio Work Programme.

The following **STRATEGIC** GOALS

drive our **focus** and **delivery** and **reflect Government priorities, policies** and the **Education Portfolio Work Programme.**

## SUPPORTING ALL LEARNERS TO SUCCEED

All learners have the opportunity to develop the skills and knowledge to succeed.

## CONNECTING EDUCATORS AND EMPLOYERS

There are strong connections between education and employment through collaboration and sharing of knowledge among schools, tertiary education organisations and employers.

## BUILDING PROVIDER CAPABILITY AND MONITORING PERFORMANCE

Tertiary education organisations are well managed, financially sustainable and provide quality education services.

## INCREASING RESEARCH QUALITY AND CAPABILITY

Research-based institutions contribute to New Zealand's success through innovation, connections and collaboration and building a world-class, innovative workforce.

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

# Te tautoko i ngā ākonga katoa kia angitu
# **Supporting all learners to succeed**

**All learners have the opportunity to develop the skills and knowledge to succeed.**

Work in this area includes equity and wellbeing (learner success), and our careers work (reported in Part Two: Our contribution to government priorities on pages 18-19 and 27-30), Fees Free, the Tertiary Education Strategy, Secondary Initial Teacher Education, our investment round process, and pastoral care.

Ka whakanoho tō mātou whāinga, tirohanga hoki ko te ākonga te pūtake o ā mātou mahi katoa

## Our new purpose and vision puts learners at the centre of everything we do

To equip learners for success and ensure that every one of them has the skills knowledge and confidence to create a fulfilling life, we need to really know them.

**Learner segmentation research**

Learner segmentation is the foundation of our learner-centred approach. The research provides insight into the diverse needs of different groups of learners as they journey through education and employment. These insights will help us shape how we deliver lifelong learning to equip learners for success.

Around 185 individuals took part in the research through a mix of family and whānau paired and individual face-to-face interview sessions conducted by Colmar Brunton. A range of ethnicities, ages, gender and socioeconomic backgrounds were included across a mix of provincial and urban locations.

Key insights for each of ten identified segments describe: key influencers in education and career choices; trigger points that lead to education and career assessment or information needs; barriers/constraints to education and training; values and motivations for learning; channels of communication; and potential delivery partners.

**Vocational education and training**

Research was undertaken to understand current perceptions and attitudes towards vocational education and training. We set out across the country to speak to people and hear their stories. We spoke to school leavers, students, teachers, parents, and employers to understand their successes, their challenges and their journeys through vocational pathways. The findings have informed the development of a marketing campaign to encourage future enrolment and participation in vocational education and training.

Ka whakahaeretia e mātou tā te Kāwanatanga kaupapa-here mō te mātauranga matua Utu Kore

# We administer the Government's Fees Free tertiary education policy

Fees Free came into effect on 1 January 2018 and provides first time students at a tertiary education institution or private training establishment one year of free education, or two years for apprentices and industry trainees.

Learners continued to enrol in and benefit from Fees Free tertiary education, with many learners carrying over some of their Fees Free entitlement from 2018 and 2019.

Fees Free is one of the few, and by far the largest, 'in person' service offering by the TEC. Since implementing Fees Free we have developed our Customer Contact Group expertise to enable us to support learners directly by helping them to understand their Fees Free entitlements. We have also run marketing and communications campaigns to raise awareness of Fees Free for potential learners who would like to study but might not be aware of the policy.

We administer all Fees Free payments to tertiary education organisations, paying on behalf of the eligible learners. This has become an increasingly complex job as we have an increasing number of learners with carried-over entitlements, some now spanning three years. In the past year we established a permanent team to manage tertiary education organisation payments and we have continued to automate validation and allocation processes for increasing efficiency and accuracy.

We continuously review and evaluate current operational policy settings and processes to ensure these align with the policy intent. We have continued to make improvements to the learner and tertiary education organisation experience to ensure that Fees Free can be accessed by those who are entitled, and that tertiary education organisations are able to give appropriate support to their Fees Free learners.

We monitor Fees Free to ensure tertiary education organisations and learners understand and are acting within the Fees Free policy, and seek to protect the Government's investment. Our Fees Free monitoring has resulted in charges being laid against three individuals under Section 292A of the Education Act 1989 for making a false representation for the purpose of receiving, or continuing to receive, free tertiary education from a tertiary education organisation. To date, one case has led to a guilty verdict and the other two cases are still before the courts.

We responded to the COVID-19 pandemic by making it easier for learners to apply when they were unable to complete face-to-face Fees Free eligibility processes. We also made changes to systems to reinstate any entitlements 'lost' through COVID-19 related withdrawals or job losses.

Kua tuku tohutuhu mātou mō te Rautaki Mātauranga Matua

## We have provided advice on the Tertiary Education Strategy

The Ministry of Education commenced working on a new Tertiary Education Strategy (TES) in late 2018. We have been working with the Ministry of Education since then to provide input and advice from an operational perspective.

In mid-2019 the TES was integrated with the Statement of National Education and Learning Priorities (NELP) (which sets the strategic direction for the early childhood education and schooling sectors) to effect systems level changes for all of education. In September 2019, the Ministry of Education commenced public consultation on a combined NELP/TES discussion document. We provided extensive support for public consultation on the draft TES in September and October 2019 by helping to organise and facilitate engagements with tertiary education organisations and stakeholders across the country.

Earlier this year, the Minister put NELP and TES development work on hold and redirected effort to respond to COVID-19 impacts. Work on the NELP/TES strategy recommenced in late-June 2020, with the Minister instructing the Ministry of Education to ensure the NELP/TES reflect the Government's response to COVID-19.

We began preliminary implementation planning in November to position ourselves to start giving effect to the TES when it is released. Our analysis highlighted commonality between the shifts called for in the draft TES and work we have underway (e.g. the Reform of Vocational Education, Ōritetanga Learner Success, and a Career System Strategy).

We will work with the Ministry of Education, other agencies, and the wider tertiary education sector to identify and co-design any new initiatives that are needed.

E whai ana mātou kia maha ake ngā kaiako kura tuarua

## We are working to get more secondary teachers

The Ministry of Education uses a Teacher Demand and Supply Planning Tool to inform decisions about teacher supply. The current projections show a steady growth in the demand for secondary teachers above the projected level of teacher supply, resulting in a shortfall of approximately 2,200 secondary teachers by 2025.

On 14 June 2019 the Secretary of Education wrote to the TEC setting Secondary Initial Teacher Education (ITE) enrolment targets. As a result we working with tertiary education organisations seeking 40 percent growth (over 2018 numbers) in the number of students commencing and completing a Secondary ITE qualification by 2022. This increase would result in approximately 1,150 additional secondary teachers joining the workforce by 2025. To achieve this, the Ministry of Education asked us to increase Secondary ITE enrolments to 1,500 equivalent full-time students (EFTS) in 2020, 1,620 EFTS in 2021 and 1,725 EFTS in 2022.

In 2019, we worked with the sector and agreed an overall commitment level of 1,560 EFTS in Secondary ITE for 2020. This is 60 EFTS above the 1,500 EFTS target set for 2020.

Early indicative enrolment information for 2020 enrolments suggests tertiary education organisations are unlikely to fully deliver on their 2020 commitments. The events of COVID-19 have likely impacted on 2020 enrolments. Final delivery numbers will come through in January 2021.

The EFTS targets originally set for 2021 onwards will remain and we will continue to engage with Secondary ITE providers to meet these targets. If unemployment increases as predicted this might provide an opportunity beyond 2020 for Secondary ITE enrolments to significantly increase.

Kua oti he mahi whakapaipai ki te Rauna Haumi

# We made key improvements to the Investment Round

Each year we invest in tertiary education and research in more than 700 tertiary education organisations across New Zealand. Over $2.7 billion of that funding is allocated through the annual Investment Round, through 15 "On-Plan" Funds that span foundation, vocational and higher levels of learning.

**Investment for 2020**

Between July and December 2019, we agreed 2020 funding allocations with all On-Plan providers. Over $2.7 billion of funding to more than 270 tertiary education organisations was considered and approved by our Board of Commissioners.

We directed funding to qualifications that have good Education Performance Indicators (EPIs) and post-study outcomes. When assessing and recommending funding allocations we considered provider capability and financial viability. Performance was assessed by EPIs such as course completion rates by ethnicity, and the overall quality of tertiary education organisations' Investment Plans and Learner Success Plans.

In response to the COVID-19 pandemic, the Minister of Education announced that the TEC would not be required to recover any Investment Plan funding because of either poor EPIs or under-delivery during the 2020 year. We have continued to consider requests for additional funding for tertiary education organisations that have had increased demand or who have launched new educational initiatives.

**Investment for 2019**

In the On-Plan Funds, we allocate funding in advance based on tertiary education organisation Investment Plans, prior educational performance, and forecast demand for training. After each teaching year we work with tertiary education organisations to 'wash-up' any unused funding. This year, $74 million of wash-up payments were identified for recovery from 2019 funding. In response to COVID-19, some of the recoveries were delayed to support tertiary education organisations' cash flow.

**Investment for 2021**

Plan Guidance for the 2021 Investment Round was released in December 2019, on time ahead of the Investment Round. Plan Guidance informs tertiary education organisations about what shifts the Government wants to achieve and what we want to see in their Investment Plans. The December 2019 Plan Guidance is based on the current Tertiary Education Strategy (TES) to give certainty for the sector and give them time to develop their Investment Plans. Our focus on parity, meeting industry needs and on learners' post-study outcomes aligns strongly with many of the proposed themes of the new TES.

We published the Investment Toolkit on 28 February 2020. The Toolkit sets delivery targets and expectations for investment, so that tertiary education organisations will contribute to our strategic priorities during the 2021 teaching year. The Toolkit focuses on key areas of funding such as Student Achievement Component (SAC) level 7, and on selected industry priorities such as construction, food and fibre, and Secondary Initial Teacher Education.

Investment Briefs set ambitious performance targets for the sector. Briefs for SAC levels 1-3, SAC levels 4-7 (non-degree) and SAC level 7 (degree) and the Industry Training Fund detail how we will work with the sector to achieve the targets.

Investment Briefs for industry priorities cover:

› the construction sector, with a focus on improving Māori and Pacific achievement, and increasing female enrolment numbers

› the food and fibre sector, seeking an overall increase in enrolments, and

› Secondary Initial Teacher Education, focussing on increasing overall enrolment, and increasing enrolments for Māori, Pacific and Asian learners.

Reducing disparities in participation, retention and achievement for Māori and Pacific learners was important in our assessment of 2020 Investment Plans. In assessing Investment Plans for 2021 we will maintain our focus on ensuring that tertiary education organisations make an organisational commitment to achieving parity for all learners.

Budget 2020 announced significant increases to funding for tertiary education organisations, anticipating an increase in enrolments driven by the effects of the COVID-19 pandemic. On-Plan Investments are also affected by the Reform of Vocational Education and the launch of the Targeted Training and Apprenticeship Fund.

The impact of COVID-19 led to significant changes in how we will implement the rest of the Investment Round during 2020. Our response to the COVID-19 pandemic is reported on pages 14-16.

## Kua hāpai, kua tuku whakaaro hoki ki ngā mahi manaaki ākonga
# We have supported and informed pastoral care work

We have supported and informed the work of other agencies and acted as a conduit between tertiary education organisations and agencies to help streamline communication – all with the aim of supporting all learners to succeed.

Following the death of a student at a university hall of residence in Christchurch in 2019, the TEC led the Government's initial response on pastoral care with tertiary providers by:

› undertaking reviews and analysis of accommodation facilities

› assessing third party arrangements as well as reviewing the number, role and expectations of Residential Assistants, and

› reviewing standard operating procedures and independent audits.

This work highlighted the inconsistency of standards between tertiary providers and the lack of regulatory support for students, and will support both the Education (Pastoral Care of Domestic Tertiary Students) interim and permanent code.

The interim code sets an expectation that tertiary providers with student accommodation provide pastoral care that supports the safety and wellbeing of their students. It also sets out a general duty of pastoral care for tertiary providers covering physical safety, access to advice and support services, physical and mental health support, freedom from discrimination and racism, support for transition to tertiary study and the opportunity to take part in decision making on support services.

The New Zealand Qualifications Authority is the code administrator and may delegate some university-related code administration responsibilities to Universities New Zealand.

COVID-19 has required additional focus on pastoral care as around 7,000 students remained in student accommodation during lockdown. To ensure students in accommodation remained well cared for during the COVID-19 response, we initiated pastoral care updates with the sector and commissioned a fortnightly questionnaire from providers to collate, monitor, assess and report back findings and trends.

COVID-19 highlighted different approaches to student accommodation charges which caused inconsistencies and created considerable stress for students. Student accommodation is governed by the Residential Tenancies Act 1986, the Education Act 1989 and the Education (Pastoral Care of Domestic Tertiary Students) Interim Code of Practice 2019. We collected information on provider accommodation to inform other agencies and support the ongoing inquiry into student accommodation.

We continue to maintain close links with the Ministry of Education and New Zealand Qualifications Authority teams working on the interim code and its development or refinement, including the ongoing response to COVID-19

## Te pārongo inenga, ahunga hoki
## Measures and trend information

Our priority and business as usual activities are key contributions to the strategic goal of ***supporting all learners to succeed***. However, achieving this goal is also influenced by the state of the economy, labour market and learners' individual circumstances.

Peformance measure results were not impacted by the COVID-19 pandemic in 2020.

| All learners | | | | | Trend information | |
|---|---|---|---|---|---|---|
| Measure | Level | 2019 Actual | 2019 Target | 2018 Actual | *2019 Actual data result* | *2018 Actual data result* |
| **Qualification completion** | | | | | | |
| Percentage of students (Note 1) completing qualifications | Level 7 degree and above | Not improved on previous year's result | Improve on previous year's result | Improved on previous year's result | 63.1% | 63.6% |

Note 1 – All students enrolled in a formal qualification at a university, institutes of technology and polytechnics, private training establishment, or wānanga.

### *Trend information (no target set)*

Careers.govt.nz website users rated the extent that the overall website helped them make a learning or work decision, and also rated their level of agreement that information and tools on the website helped them make these decisions.

| Trend result – overall website | 2019/20 Actual |
|---|---|
| Overall rating of our careers.govt.nz website for helping with a learning or work decision | Learning decision  83% |
| | Work decision  76% |

| Trend result – information and tools | 2019/20 Actual | 2018/19 Actual |
|---|---|---|
| The TEC's information and tools assisted people in making learning or work decisions  (Note 1) | Learning decision  66% | 76% |
| | Work decision  50% | |

Note 1 – The methodology for collecting this trend information has changed since last year. In 2019/20 we took a more robust approach and included separate questions around learning and work decisions in our 2020 careers.govt.nz awareness research online survey. This is a survey of 1,774 people aimed at understanding people's awareness of and how they use the website. In 2018/19 trend information was sourced from a website pop up survey where one question was asked covering both learning and work decisions.

| Māori learners | | | | |
|---|---|---|---|---|
| **Measure** | **Level** | **2019 Actual** | **2019 Target** | **2018 Actual** |
| Percentage of students (Note 1) completing qualifications | Level 7 degree and above | Not improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |

| *Trend information* | | | | | | |
|---|---|---|---|---|---|---|
| | | | **2019 Actual data result** | | **2018 Actual data result** | |
| **Measure** | **Level** | **Group** | **Qualification completion** | **Parity gap** | **Qualification completion** | **Parity gap** |
| Percentage of students (Note 1) completing qualifications | Level 7 degree and above | Māori | 48.1% | -18.3 | 49.8% | -16.7 percentage points |
| | | Non-Māori and non-Pacific | 66.4% | | 66.5% | |

Note 1 – All students enrolled in a formal qualification at a university, institutes of technology and polytechnics, private training establishment, or wānanga.

| Pacific learners | | | | |
| --- | --- | --- | --- | --- |
| **Measure** | **Level** | **2019**<br>**Actual** | **2019**<br>**Target** | **2018**<br>**Actual** |
| Percentage of students (Note 1) completing qualifications | Level 7 degree and above | Not improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |

| *Trend information* | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| | | | **2019**<br>**Actual data result** | | **2018**<br>**Actual data result** | |
| **Measure** | **Level** | **Group** | **Qualification completion** | **Parity gap** | **Qualification completion** | **Parity gap** |
| Percentage of students (Note 1) completing qualifications | Level 7 degree and above | Pacific | 49% | -17.4 percentage points | 49.6% | -16.9 percentage points |
| | | Non-Māori and non-Pacific | 66.4% | | 66.5% | |

Note 1 – All students enrolled in a formal qualification at a university, institutes of technology and polytechnics, private training establishment, or wānanga.

We contribute to but do not control, the sector output measures we report on. The 2019 sector measure results, including those related to Māori and Pacific learners, were impacted by a number of factors which are outlined on page 82.

# Te whakahono kaiwhakaako ki ngā kaiwhakawhiwhi mahi
## Connecting educators and employers

**There are strong connections between education and employment through collaboration and sharing of knowledge among schools, tertiary education organisations and employers.**

Work in this area includes the Reform of Vocational Education and our careers work (reported in Part Two: Our contribution to government priorities on pages 20-25 and 27-30), food and fibre, construction and micro-credentials.

## Rāngai kai, rāngai kaka hoki
## **Food and fibre sectors**

We continue to work closely with the Ministry for Primary Industries and industry bodies such as Dairy New Zealand and Horticulture New Zealand to grow the food and fibre sectors as a priority for New Zealand.

In 2019/20 we launched the food and fibre careers hub on our careers.govt.nz website. This was accompanied by an awareness marketing campaign designed to guide people to a career in the food and fibre sectors. We worked with the industries to showcase the hub to learners and present them with the variety of jobs and career pathways available to them.

We also started working with the forestry working group as part of the development of a Workforce Action Plan for forestry. The Plan aims to support the development of a skilled, safe, diverse workforce which aligns with the TEC's and other government agencies' work in the forestry sector.

We will continue to develop the partnership between Te Uru Rākau (Forestry New Zealand) and the sector as these relationships will be crucial to providing advice and support for workers who are being impacted by economic change due to COVID-19.

We are also continuing to work with industry and providers to encourage the development of micro-credentials needed to upskill the food and fibre sectors' workforce.

## Te hanganga
## **Construction**

In the last year we revitalised our 'Growing Careers in Construction' careers hub to support career-seekers, including those who may be considering transitioning into the sector from other industries. This revitalisation supported and clarified the guidance and expectations published in March 2020 for tertiary education organisations.

The construction industry remains a priority for the Government. We refreshed our Investment Brief for Construction which outlines our investment priorities for tertiary education organisations developing Plans for 2021.

We are working closely with the construction sector both as a top government priority and in the context of the Reform of Vocational Education. This work includes the establishment of a Workforce Development Council for Construction and Infrastructure, a Centre of Vocational Excellence for Construction, and Regional Skills Leadership Groups.

We are also continuing to work with industry and providers to encourage the development of micro-credentials needed to upskill the construction sector workforce.

He tohu moroiti
## Micro-credentials

Micro-credentials are small, stand-alone credentials that certify achievement in specific skills or knowledge. Being narrowly focused, they enable learners to access knowledge and skills cost-effectively and efficiently, and make it easier for anyone to retrain, upskill or return to the workforce quickly.

Micro-credentials can be rapidly developed and delivered to meet emerging skill demands and the immediate needs of industry, employers, iwi and communities. They also enable the tertiary education system to help people adapt to the changing world of work and support lifelong learning. We expect micro-credentials to play an important role in supporting individuals and the economy recover from the impacts of the COVID-19 pandemic.

The TEC began investing in micro-credentials in January 2019. Since then, we have approved funding for 36 micro-credentials across 15 tertiary education organisations, including industry training organisations, institutes of technology and polytechnics, private training establishments and universities. The approved micro-credentials cover a broad range of industries and subject areas, including healthcare, forestry, biosecurity, construction, agriculture and digital technology.

Our focus is on funding well-designed micro-credentials that meet the needs of industries and communities, and support the Government's priorities. As part of this, we are continuously learning and looking for opportunities to improve the way we manage our investment in micro-credentials. We are working with the Ministry of Education and the New Zealand Qualifications Authority on enhancing the overall micro-credential system. This includes removing barriers to micro-credential delivery, streamlining approval and funding decision making processes, and investigating the potential for micro-credentials to be stacked towards full qualifications.
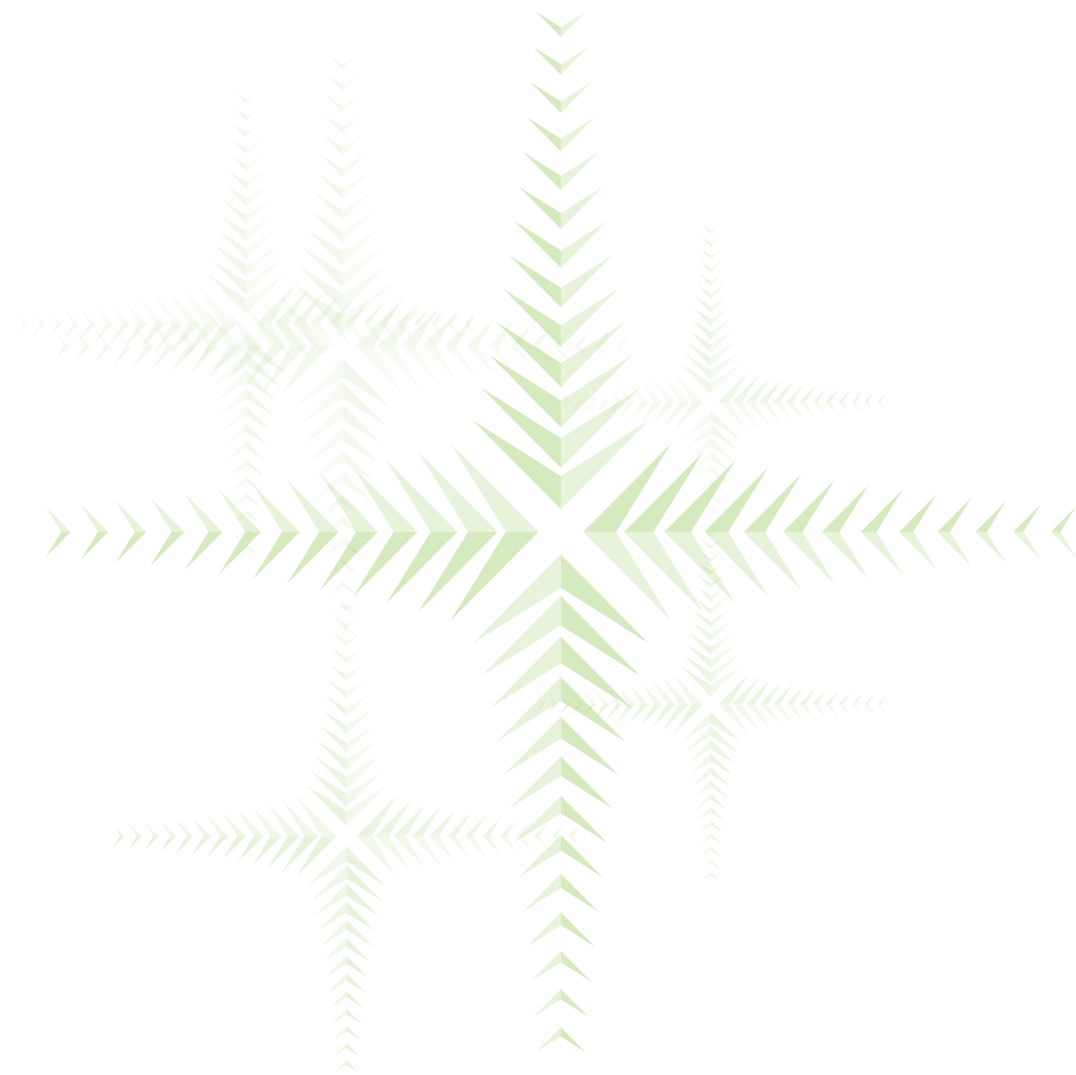
## Te pārongo inenga, ahunga hoki
## Measures and trend information

Our priority and business as usual activities are key contributions to the strategic goal of **connecting educators and employers.** However, achieving this goal is also influenced by the state of the economy, labour market and learners' individual circumstances.

The impact of COVID-19 on this measure result is detailed in the note below.

| Improving connections | | | | Trend information | |
|---|---|---|---|---|---|
| **Measure** | **2019/20 Actual** | **2019/20 Target** | **2018/19 Actual** | **2019/20 Actual data result** | **2018/19 Actual data result** |
| Key stakeholder satisfaction that the TEC has helped improve connections between schools, tertiary education organisations and employers | Not able to be measured (Note 1) | Maintain or improve on previous year | Baseline year | Not able to be measured (Note 1) | 31% |

Note 1 – The 2019/20 customer survey (Partner and Provider Survey) was not held owing to the impact of COVID-19 on proposed survey respondents which include tertiary education organisations and other government agencies.

## Te whakakaha ake i te āheinga kaiwhakarato me te aroturuki mahi
# Building provider capability and monitoring performance

**Tertiary education organisations are well managed, financially sustainable and provide quality education services. If we are working effectively with our partners, then success in the system would look like this in the medium and longer term.**

Work in this area includes our equity and wellbeing (learner success) work and the Reform of Vocational Education (reported in Part Two: Our contribution to government priorities on pages 18-19 and 20-25), monitoring tertiary education organisations, and building wider system capability.
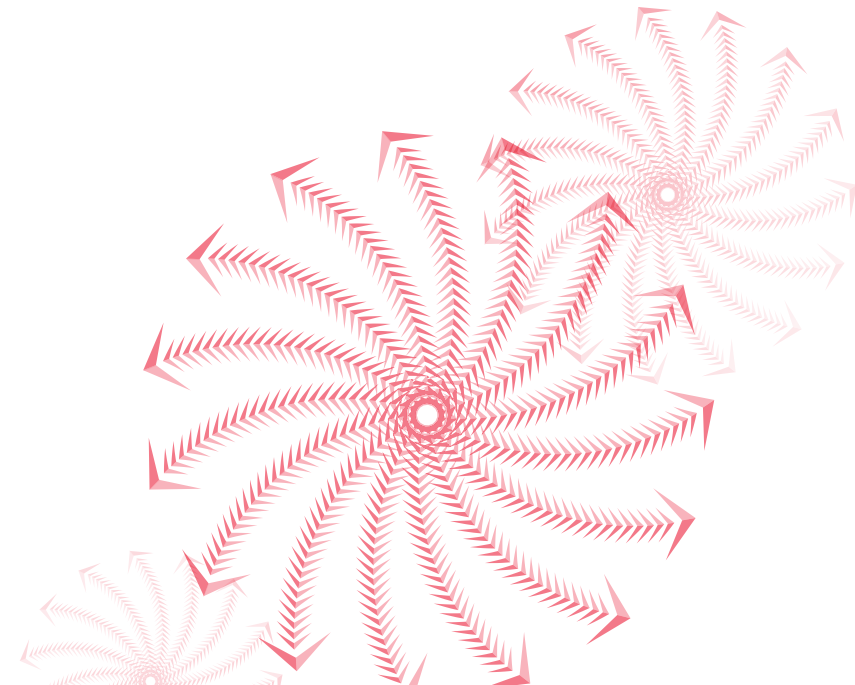
## Kua aroturuki mātou i te mahi a ngā whakahaere mātauranga matua me te kaupapa Utu Kore

## We closely monitored the performance of tertiary education organisations and the Fees Free scheme

We monitor the performance of tertiary education organisations we fund. Our monitoring looks at delivery of education, financial performance, governance and management. Our monitoring functions allow us to respond to risks at both the tertiary education organisation and system level, and provide guidance to the sector to help strengthen performance.

A particular focus in 2019/20 was the financial position of tertiary education institutions. We continued to closely monitor and provide support to institutes of technology and polytechnics that were already in financial difficulty, and have established ongoing monitoring arrangements, in collaboration with the New Zealand Institute of Skills and Technology, now that these organisations are its subsidiaries.

Following the onset of COVID-19, we also worked to identify providers most at risk due to the impact of border restrictions on the international education market, and the disruptions caused by the domestic lockdown. Along with other government agencies, we actively supported providers to respond to impacts on their delivery models and to provide support to their learners, as well as relaxing reporting and compliance requirements where possible. Our close monitoring of the impact of COVID-19 supported our advice to the Government on how to support the tertiary system to respond.

Since the inception of Fees Free in 2018 the TEC has implemented a range of activities to help maintain the integrity of the Fees Free scheme. During 2019/20 the TEC achieved its first successful prosecution of an individual who made a false representation to access Fees Free tertiary education. We work with providers and learners, and undertake a range of monitoring activities, to ensure only those who are eligible can access Fees Free funding. To date our monitoring has identified over 530 false statutory declarations, although this remains a small percentage of the approximately 55,000 statutory declarations processed by the TEC since Fees Fee was implemented.

We continue to use audits and investigations to monitor individual providers and help them to address specific issues. Increased analysis of data is being used to more effectively direct these activities in a way that is intelligence-led and risk based, and provides assurance to learners that they get good value for their investment in tertiary education.

E tautoko tonu ana mātou i te rāngai ki te whakapiki o tōna ake āheinga

## We are continuing to support the sector to build its own capability

We use our monitoring activities to support tertiary providers to build their own capability and improve the performance of the broader tertiary system.

During 2019/20 we published monitoring updates with guidance to the sector covering compulsory student service fee rules; information about good governance; Fees Free statutory declarations; gender reporting options in the Single Data Return; how to report Recognised Prior Learning; and where tertiary providers could find the latest information about COVID-19 and the lockdown. We also waived or deferred non-essential monitoring and reporting activities during the COVID-19 lockdown to further support providers to focus on supporting their learners and transitioning to online learning.

Findings from our monitoring activities also contributed to updates to our website information, informed investment decisions and additional funding requests, and were used to inform changes to funding conditions.

**Governance**

During 2019/20 we successfully advised on and managed the appointment process for 37 ministerial appointments to tertiary education institution councils. These appointments included the Establishment Board of the New Zealand Institute of Skills and Technology (NZIST), the NZIST's first governing council, and 18 appointments to university councils. We also supported the recruitment of interim Establishment Boards, who are working on the establishment of Workforce Development Councils as part of the Reform of Vocational Education.

We provided advice on a further eight appointments that would fall due during the period of restraint before the 2020 General Election. However, due to the focus on responding to COVID-19, the Minister requested the incumbent members to continue to serve until early 2021, when the appointments could be properly considered.

To support good governance, we held another successful Annual Governance Network meeting of tertiary education institution council support staff in July 2019. We also hosted an induction briefing for the NZIST Establishment Board in September, with two further briefings for council members deferred to the 2020/21 year due to the impacts of COVID-19.

Te pārongo inenga, ahunga hoki

# Measures and trend information

Our priority and business as usual activities are key contributions to the strategic goal of building provider capability and monitoring performance. However, achieving this goal is also influenced by the extent to which tertiary education organisations take ownership of building their own capability and improving their performance.

The impact of COVID-19 on measure results is detailed in the notes below.

| Measure | 2019/20 Actual | 2019/20 Target | 2018/19 Actual |
|---|---|---|---|
| At least three system-wide reviews completed each year and results shared with tertiary education organisations (Note 1) | Not achieved (1) | Achieve | Achieved |
| At least three educational activities undertaken each year to support the capability of tertiary education organisations and provide information and guidance on their obligations (Note 2) | Achieve (3) | Achieve | Achieved |

Note 1 – Audits of Adult and Community Education (ACE) funded providers informed a system-review of ACE funding conditions and subsequent changes to the 2020 funding determination. A number of other system reviews were underway, but overtaken by the need to prioritise resource in other areas, including the Reform of Vocational Education, monitoring Fees Free and supporting learner eligibility appeals and complaints, and responding to COVID-19.

Note 2 – The target for 2019/20 was met by organising the Governance Network Meeting (July 2019), an induction for the Institute of Skills and Technology Establishment Board (September 2019) and contributing to the Forum for institutes of technology and polytechnics and wānanga Chief Financial Officers (November 2019). Two further events were planned: an induction for the first council of the NZIST and an induction briefing for the new council members of universities and wānanga. These two events have been postponed to the 2020/21 year. The reason for the postponement was the delay in the Ministerial appointment process, a consequence of disruption to the Government's normal business arrangements in face of the COVID-19 pandemic.

# Te whakarahi ake i te kounga o te rangahau me te āheinga hoki
## Increasing research quality and capability

**Research-based institutions contribute to New Zealand's success through innovation, connections and collaboration and building a world-class, innovative workforce.**

Work in this area includes the Performance Based Research Fund (PBRF), Centres of Research Excellence (CoREs), Centres of Vocational Excellence (CoVEs), and Centres of Asia-Pacific Excellence (CAPEs).

## Te akiaki me te utu rangahau hiranga
## Encouraging and rewarding excellent research

The Performance-Based Research Fund (PBRF) encourages and rewards excellent research in the tertiary education sector. At $315 million a year, it is the TEC's second-largest fund.

This year, we completed the six-yearly Quality Evaluation Review that sets 55 percent of each institution's funding levels for the following six years. The Ministry of Education then led a review of the PBRF policy by considering new options for how research is assessed and rewarded. The policy review was delayed by the COVID-19 pandemic and will be considered by Cabinet in the first quarter of 2020/21.

The PBRF is open to universities, institutes of technology and polytechnics, wānanga and private training establishments. The PBRF's three components are Quality Evaluation at 55 percent of the fund, Research Degree Completions at 25 percent, and External Research Income at 20 percent.

›   The Quality Evaluation component encourages and rewards the quality of research of individual academics at eligible tertiary education organisations, as assessed by expert peer review panels.

›   The Research Degree Completion component supports tertiary education organisations in their training of the future research workforce. Funding is based on the number of eligible postgraduate research-based degrees completed.

›   The External Research Income component rewards organisations for securing other research funding, by allocating PBRF funding in proportion to the income reported to the TEC.

The PBRF takes account of and supports excellence in Māori research. The PBRF applies higher Quality Evaluation funding weights to all those submitted in te reo Māori, and to all research degrees completed by Māori research students. Supporting research based on traditional and contemporary Māori world views, and on Māori methodologies and epistemologies including Mātauranga Māori, is critical to achieving the social and economic benefits of research for all New Zealanders.

## Kua tuku tonu he pūtea tautoko ki ngā Pokapū Rangahau Hiranga

### We continued to fund existing Centres of Research Excellence

The TEC funds ten Centres of Research Excellence (CoREs) at $50 million per year. The current CoREs were funded for a period of five or six years each, through to the end of 2020.

› Bio-Protection Research Centre

› Brain Research New Zealand Rangahau Roro Aotearoa

› The Dodd-Walls Centre for Photonic and Quantum Technologies, Te Whai Ao

› MacDiarmid Institute for Advanced Materials and Nanotechnology

› The Maurice Wilkins Centre for Molecular Biodiscovery

› The Medical Technologies Centre of Research Excellence

› Ngā Pae o te Māramatanga New Zealand's Māori Centre of Research Excellence

› Quake CoRE: Centre for Earthquake Resilience

› Te Pūnaha Matatini: Data Knowledge Insight

› Riddet Institute: Food Innovation Health

The CoREs are an important component of New Zealand's investment in research. They connect high-performing researchers who are creating critical mass in chosen fields of research. They have been successful in lifting research quality and collaboration, in commercialising research, contributing to public good research in their chosen fields, training post-graduates, and promoting science to the public, particularly among young people.

In recognition of the impact of COVID-19 on the research programmes of the current CoREs, we extended their funding by six months, to June 2021.

## Research and innovation at the MacDiarmid Institute

Dr Pauline Harris's career has been a search to unite two of her passions – a commitment to Māori and Māori values, and a love of physics. She has led the way on Māori astronomy and traditional calendars, and now, with her appointment as Māori Science Leader on the Science Executive Committee of the MacDiarmid Institute, the paths have merged.

Pauline's appointment symbolises a key direction for the MacDiarmid Institute, towards renewable technologies and zero carbon, with research on energy-efficient electronic materials and industrial processes. For example, promising work is underway to decarbonise the production of iron from New Zealand iron sand, and low-energy electronic devices are in the early stages of investigation. The Institute is also researching the production of hydrogen for a pollution-free fuel, and the reduction of the greenhouse gas, carbon dioxide.

*"Sustainability is central for Māori and indigenous people, and to see it at the core of the work of the MacDiarmid Institute was something I wanted to be part of. There's a willingness within the Institute to really focus on the future of our planet, and for sustainability to not be just a word to be thrown around but a word to be actioned."*
– Dr Pauline Harris



*© Mark Tantrum*

**CoREs selection round**

The CoREs contestable round for funding for the next eight-year cycle started in 2019. Up to ten CoREs will be funded or renewed, including at least one with a focus on Māori research. The selection criteria for CoREs are grouped as: Excellent research; Contribution within the tertiary education system; Contribution to New Zealand's future development; and Governance and management.

We contracted the Royal Society Te Apārangi to run the CoREs selection round for funding from 2021 to 2028. Thirty-one full applications were received in November 2019. Expert selection panels of international standing assessed the proposals and recommended that 15 be short-listed for more detailed consideration. We also recently published an updated Performance Management Framework.

Selection was delayed by three months due to COVID-19. The Royal Society Te Apārangi will recommend up to ten centres for funding from July 2021.

## I arotakemātou i ngā mahi a ngā Pokapū Hiranga mō Āhia me te Moana-nui-a-Kiwa

# We reviewed the performance of Centres of Asia-Pacific Excellence

We formally reviewed the performance of the three Centres of Asia-Pacific Excellence (CAPEs) in February 2020, halfway through their six-year term. The three CAPEs are for North Asia, Latin America and South-East Asia, and are hosted by Victoria University of Wellington and the University of Auckland. The CAPEs were first funded in 2017 for six years.

The review, conducted by an independent expert panel, was to "assess the performance of each CAPE to date, the future strategic direction, and the overarching management structure." The review was also to assist both the TEC and CAPEs to fully maximise the CAPEs' contribution to policy objectives in the future.

The panel met with the CAPEs and their stakeholders and recommended actions that could be taken to strengthen and support the CAPEs over their next three years.

The review panel found that in their first three years the CAPEs launched a wide range of programmes and projects that have been well received by their clients. The panel recommended that it is now timely for CAPEs to develop a joint strategic plan for the remainder of their funding term.

In response to the review, the TEC and CAPEs will work together to deliver on the recommendations. The CAPEs are also working to develop a robust overall strategy that will help them focus on key programmes and initiatives for the remaining years of their term.

## Te pārongo inenga, ahunga hoki
# Measures and trend information

Our priority and business as usual activities are key contributions to the strategic goal of *increasing research quality and capability*. However, achieving this goal is also influenced by other government agencies and their investments, including the Ministry of Business, Innovation and Employment and the Ministry for Primary Industries, government policy and global trends.

Performance measure results were not impacted by the COVID-19 pandemic in 2020.

| Measure | 2019/20 Actual | 2019/20 Target | 2018/19 Actual |
|---|---|---|---|
| The TEC works with the Ministry of Education to undertake agreed reviews of Centres of Research Excellence (CoRE) performance against fund criteria | No reviews undertaken (Note 1) | Achieve | No reviews undertaken |

Note 1 – No CoREs reviews were scheduled to be undertaken in 2019/20. The TEC is working on the CoREs 2019/20 selection round with the Ministry of Education and other agencies.

| Measure | 2019 Actual | 2019 Target | 2018 Actual |
|---|---|---|---|
| Research degree completions (measured by Performance-Based Research Fund (PBRF) – eligible research degree completions (Note 1)) | 4,042 (+1.5%) | Previous year ±5% | 3,984 |

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

### Trend information (no target set)

| Trend result | 2019 Actual | 2018 Actual |
|---|---|---|
| Percentage increase in amount of external income for PBRF–eligible providers (Notes 1 and 2) | 2.95% | 13.7% |

Note 1 – 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.

Note 2 – Between 2018 and 2019 there was a 21.8% ($25.4m) increase in the New Zealand public sector contract research component of External Research Income. The other three External Research Income components decreased marginally.

Wāhanga wha: Te whai kia
pai ake i ngā tikanga mahi
**Part four: Improving the way we work**

## Ka whanakehia tō mātou whāinga, tirohanga hoki
## We developed our purpose and vision

Our new purpose and vision were developed with input from our staff and key stakeholders in 2019. In November 2019, it was finalised, approved by our Board and released internally.

We developed the new purpose and vision to make sure our investments and activities were even more focused than our previous ones on developing a skills and knowledge system that is flexible, dynamic and well suited for the future. The purpose and vision were also designed to align with a new draft Tertiary Education Strategy (TES), scheduled to be finalised in 2020.

In early 2020, we also developed our COVID-19 strategic response, which will propel New Zealand towards recovery by delivering on our purpose and vision. This work also involved a range of stakeholders from across the TEC, along with our Board members.

The purpose and vision, along with the Letter of Expectations and forthcoming TES, will also drive the development of a new TEC Strategy. The TEC Strategy will be based on the key ground work established through the development our COVID-19 strategic response, including its key priorities.

Since its launch in late-2019, we have been focused on bringing the purpose and vision to life for all TEC staff. This is to ensure our people know and understand our purpose and vision and that we plan and determine our strategic priorities to deliver on them effectively.

While some of our intended activity was put on hold as a result of the COVID-19 response, a number of activities have continued throughout the year to bring the purpose and vision to life.

This includes strategic communications activities, the development of a purpose and vision knowledge space on our intranet, and the development of our values and behaviours.

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

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

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

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

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

# OUR
## TERTIARY LEARNERS

In New Zealand there are:

# 430,000
UNIQUE TERTIARY LEARNERS PER YEAR

**60%** ARE EUROPEAN | **21%** ARE MĀORI | **15%** ARE ASIAN | **10%** ARE PASIFIKA

**3%** ARE MIDDLE EASTERN/LATIN AMERICAN/AFRICAN

(LEARNERS CAN IDENTIFY AS MORE THAN ONE ETHNICITY)

**23%** are entering tertiary education for the first time

**54%** are 25 or older

**53%** are female

**58,000** are international students (13%)[1]

Our new purpose and vision put the learners at the centre of our work

**What were they doing beforehand?**

**37%** WERE IN WORK

**12%** WERE IN TERTIARY EDUCATION

**7%** WERE ON A BENEFIT

**26%** WERE IN SECONDARY EDUCATION

**12%** WERE OVERSEAS

**5%** OTHER (RETIRED, STAY AT HOME PARENT, OTHER)

To do this, we need a shared understanding of who our learners are

## What level are they studying at?
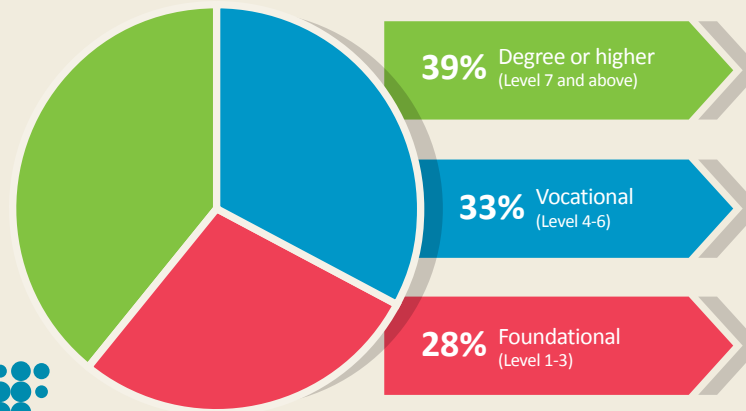
## Learners from each level who:

Passed their qualification[1]

Are employed 1 year after completing[2]

**39%** Degree or higher (Level 7 and above)

**33%** Vocational (Level 4-6)

**28%** Foundational (Level 1-3)

**64%**

**73%**

**60%**

**63%**

**62%**

**60%**
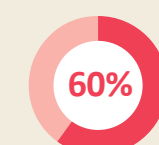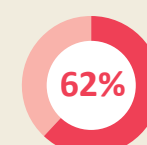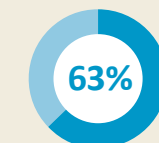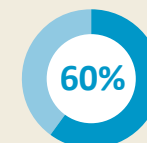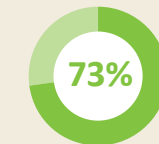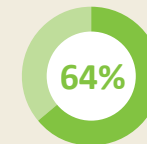
## Where and how do they study?

**OF LEARNERS STUDYING ON CAMPUS**

| | |
|---|---|
| **AUCKLAND** | **34%** |
| **WAIKATO** | **9%** |
| **WELLINGTON** | **14%** |
| **CANTERBURY** | **12%** |
| **OTAGO** | **8%** |

**23%** STUDY **OUTSIDE** OF THESE MAIN CENTRES

**PLUS A FURTHER**

**52,000** learners study extramurally (12% of all learners)

**54%** of school leavers study in the same region as their secondary school[3]

**129,000** are in work-based education (industry training)

**42%** study part time[1] (as defined by Studylink)

**58%** study full time[1]

Based on 2019 SDR and ITR data, except where noted otherwise. [1]SDR data only; [2]2018 IDI data; [3]2018 SDR and ITR data.

## He tāmata i te TEC kia tipu, kia ora rawa
## We are cultivating a thriving TEC

**We stood up the last of the new directorates through Kia Rite in 2019**

The Kia Rite structural change was completed in 2019 with recruitment to roles within the new Strategy and Design directorate.

**Cultivating a thriving TEC**

Our people experience survey (He waka eke noa) results, along with the findings from our Partner and Provider survey, informed a programme of work we are calling 'A Thriving TEC'. The focus is on developing a connected and collaborative culture, with simple and effective tools and processes that grow and empower passionate, skilled people who deliver on our purpose and vision. The programme of work has four key work streams, described below.

*Leadership alignment, connection and development*

Following the Kia Rite change process we had a large number of new leaders. This highlighted the importance of this group being connected and supported. There have been regular scheduled meetings and communications with a specific focus on strategic, operational and people discussions. While at some of these meetings the focus changed due to COVID-19 impacts, there were still multiple opportunities for discussion and connection. Some increased in regularity to ensure leaders were informed and aligned on messaging in what was a fast-moving situation.

Leaders have individual development discussions and plans with their manager. In addition, we provided coaching and advice as part of on-the-job development and support, and in-house development sessions on leadership topics. This year we created an intranet knowledge space for leaders that gives practical information to guide them, as well as information for their growth and development.

*Values and behaviours*

Developing a new set of values and behaviours is an important part of setting our direction. It has involved all staff, who have had opportunities to provide input to shaping what our values and behaviours are. A representative group is working on refining this into a final set. The values and behaviours launch is scheduled for the end of 2020, followed by a programme to build them into the fabric of our organisation. Staff have engaged enthusiastically with this project, are positive about the process we have followed, and appreciated the opportunity to connect with their colleagues during lockdown.

*Reviewing our performance development system and approach*

This year we have been investigating other systems and approaches of performance development, including looking at other organisations within New Zealand. There will be a working group with the Public Service Association (PSA) to review the system, including the performance rating scale and the remuneration structure. The guidance to support leaders and staff to have great conversations about performance and coaching will be developed in the coming year.

*Delivering great customer service*

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

To help us lift the quality, consistency and accuracy of our customer service we have developed the TEC Service Commitments. The TEC Service Commitments will reinforce the importance of customer service throughout our organisation, and set clear expectations for our staff and for our customers. Following consultation with the sector, we expect to launch the TEC Service Commitments in the first quarter of 2020/21.

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

**We are committed to growing our cultural capability**

The cultural capability of TEC people is a key enabler of our purpose and vision.

Our Māori Language Plan sets the activity programme for how we support Māori being a widely spoken and living language within the TEC, and for encouraging multilingualism. The activities include in-person and online te reo Māori courses, support for staff to do additional courses to deepen/further their te reo Māori, and language learning support for staff to learn any language. We have increased our staff resources to support the use of te reo Māori, and increased visibility of te reo Māori in our accountability documents. We are building preferred suppliers for translations to ensure the language is right for our context and will be building up translation capability in the future.

In January 2020 we completed a language capability survey. It showed us the wonderful diversity we have at the TEC. The almost 300 responses revealed that 60 percent of our people speak more than one language. The number of languages spoken, to varying levels of proficiency, is 55. Language is one gateway to understanding different cultures.

Cultural coffees are another way we build our cultural intelligence. People are paired with someone they don't know very well and then meet, virtually or in-person, to talk with each other about their lives. This has proved to be very successful, and a way for people to build curiosity and awareness of other lived experiences.

# Who we are

## Age

60% **FEMALE**

369 **TOTAL STAFF**

40% **MALE**

44 **YEARS**
**FEMALE AVERAGE**
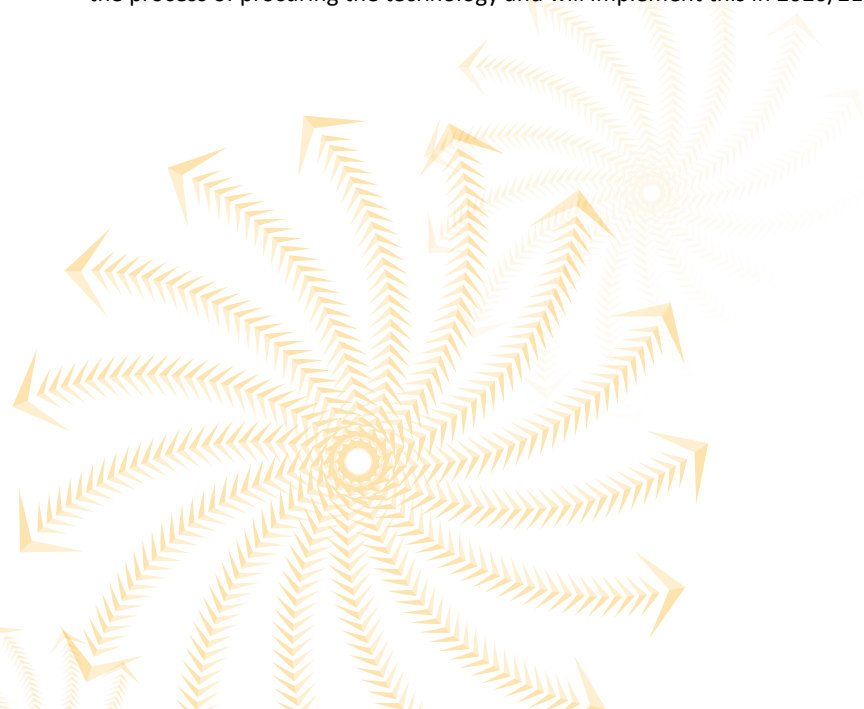
42 **YEARS**
**MALE AVERAGE**
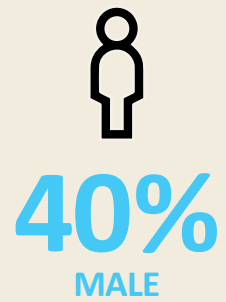
Tiers 1-3 gender distribution

31 **TOTAL STAFF**

48% **FEMALE**

52% **MALE**

43yrs **AVERAGE ACROSS ALL STAFF**

## Ethnicity

| | |
|---|---|
| Asian | 8% |
| Indian | 3% |
| Māori | 5% |
| NZ European | 51% |
| Non-NZ European | 14% |
| Pacific | 5% |
| Other ethnic minority | 2% |
| Not advised | 11% |

## Length of service

**4** YEARS
**FEMALE AVERAGE**

**4** YEARS
**MALE AVERAGE**

**4yrs**
**AVERAGE ACROSS ALL STAFF**

**AS AT 30 JUNE 2020**
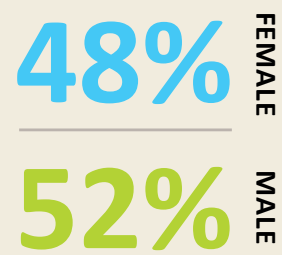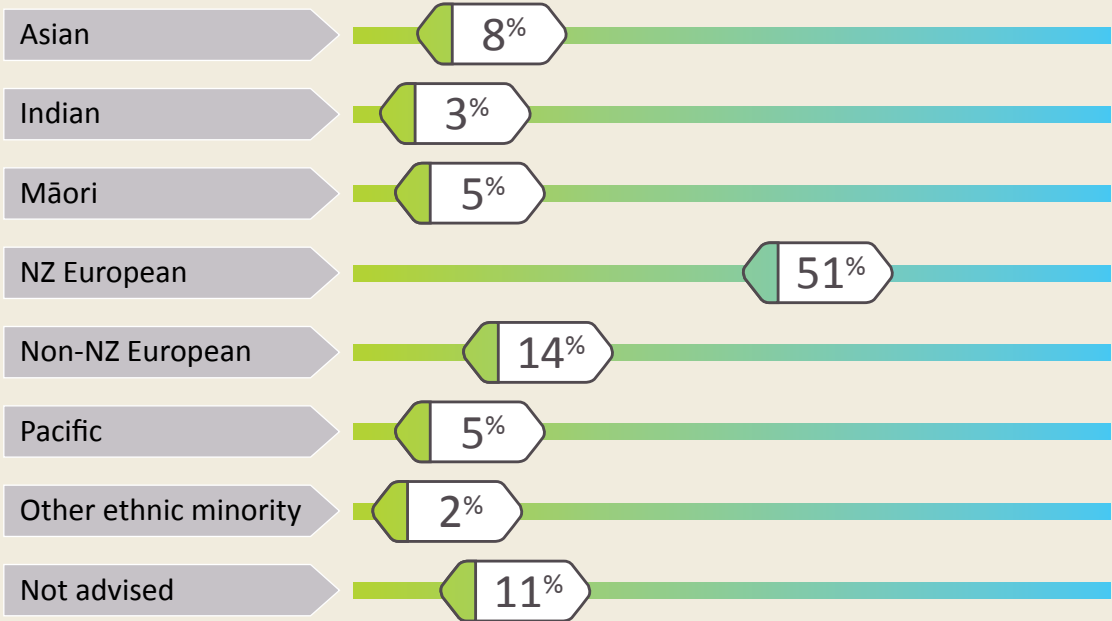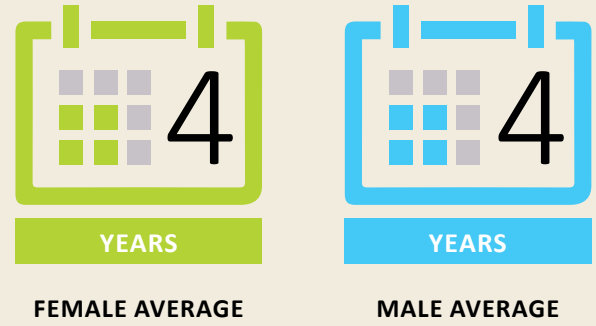
## He waihanga hangarau hāngai tika ki te mahi
## We are developing fit-for-purpose technology

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

We have established cross-sector and inter-agency forums to increase engagement and awareness across key stakeholders.

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

As a result we will:

› create a new data exchange platform to replace collections and distributions of data currently managed via two of our existing data collection platforms

› develop a solution for Fees Free data submissions (addressing a current issue for some providers), and

› work with tertiary education organisations in 2021 to further enhance the solution.

## Kua eke tangaroa tā mātou kaupapa o te Whakahaere Pūtea, Utunga hoki
## Our Funds Management and Payments project was a great success

The Funds Management and Payments project was successfully delivered in late July 2019. This improved our business processes and the quality of the information we use to support our funding decisions. The project has replaced a large number of complicated spreadsheets with standard functionality in our financial management information system. The project also made our funding information more accessible and transparent for tertiary education organisations: we introduced "My Allocations and Payments", an online tool that lets tertiary education organisations explore their funding across multiple funds and years.

## Kua whakangako mātou i ngā pūnaha me ngā tukunga kaitiakitanga
## We have enriched our governance systems and processes

**We are delivering a robust risk and assurance function**

We use risk management to support effective decision making at all levels of the organisation in the pursuit of our key objectives. This is achieved by:

› providing accurate and timely management information on the key areas of risk exposure and the actions required to mitigate risk (including those responsible for delivering these actions)

› ensuring a consistent and proportionate approach to the identification, assessment and control of risk

› supporting the pursuit of opportunities through an appropriate balance of risk taking and risk management, and

› fostering and encouraging a risk-aware culture where risk management is seen as a key enabler to organisational success.

We have a risk management framework that provides for the regular identification, review and management of risk at a strategic and operational level. The framework is aligned to the International Standards Organisation (ISO) standard in Risk Management (ISO 31,000). We employ a three lines defence model:

› First line – Our people

› Second line – Risk management support

› Third line – Internal audit

*During the year we continued to embed our risk management approach*

Over the year we made further progress to embed risk management as a key business process that supports our governance, assurance and decision making. We have:

› undertaken a self-assessment of our risk management maturity using the all-of-government assessment framework. This highlighted opportunities to improve how we position risk management within the broader framework of governance and accountability, linking risk management performance to individual roles and responsibilities, and improving the link between strategic risk management and strategic planning

› updated our Risk Management Policy

› continued our quarterly review of operational risks for each directorate, aligned to their business plans

› continued our quarterly reporting of operational and strategic risks to our Executive Leadership team, and Audit, Risk and Compliance Committee

› provided dedicated risk management support and governance for our large projects. These include the Reform of Vocational Education and our focus on the provision of careers support through initiatives such as Inspiring the Future and Tiro Whetū

› further strengthened the focus and maturity of our Protective Security and Privacy Governance Group. This is an internal forum which applies a risk management approach to the continuous improvement of our security and privacy settings, and

› applied risk management principles to the development of our ethics framework.

**Our Enterprise Portfolio Management Office (EPMO) is embedded into our new way of working**

The Enterprise Portfolio Management Office (EPMO) operating practices and supporting frameworks are now fully embedded across the TEC. As a result of these improvements the TEC now has increased maturity and improved oversight, strategic alignment and measured value from our project and programme selection, and delivery realisation activities.

During the year our EPMO implemented a full suite of programme and project portfolio change management frameworks and assurance activities. These have ensured our portfolio selection, governance and delivery activities are being managed in a consistent, transparent and robust way.

This year's project and programme prioritisation approach has delivered a portfolio that maintains the right balance of transformational, business improvement and keeping-the-lights-on activities that are achievable, affordable and aligned to our outcomes.

**We continued to develop our privacy capability**

We carried out significant work in the past 12 months with a view to improving our privacy maturity. There have been a number of highlights and achievements as we continue to build our privacy knowledge, culture and capability. Key achievements for the year include:

› delivering an updated Privacy and Personal Information Policy which sets out our policies for the collection, use, disclosure, and storage of personal information

› updating our privacy incident management and reporting processes, including delivery of clear processes, mapping and templates. We have aligned privacy, security and corporate information incident reporting to ensure consistency across all information and data incidents

› developing an internal Privacy Impact Assessment (PIA) process and monitoring function, including the development of guidance and templates to support the business. PIAs have been embedded into the EPMO and information processes

› developing our privacy training and guidance material to ensure staff have the knowledge and tools to support good privacy practice, and

› strengthening our privacy governance processes to ensure regular reporting and engagement at the Executive and Board level.

# Tauākī Whakamaunga Atu
# Statement of Responsibility

In terms of the Crown Entities Act 2004 and the Education Act 1989, the Board of the Tertiary Education Commission Te Amorangi Mātauranga Matua is responsible for the preparation of the Tertiary Education Commission's Financial Statements and the Statement of Performance and for the judgements made in them.

The Board of the Tertiary Education Commission is responsible for any end-of-year performance information provided by the Tertiary Education Commission under section 19A of the Public Finance Act 1989.

The Board of the Tertiary Education Commission has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and reporting of the Statement of Performance. In the Board's opinion, these Financial Statements and Statement of Performance fairly reflect the financial position and operations of the Tertiary Education Commission for the year ended 30 June 2020.

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

Jenn Bestwick
Chair
Tertiary Education Commission

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

10 December 2020

10 December 2020

# Pūrongo kaitirotiro motuhake
# Independent auditor's report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

**To the readers of the Tertiary Education Commission's financial statements and performance information for the year ended 30 June 2020**

The Auditor-General is the auditor of the Tertiary Education Commission (TEC). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of TEC on his behalf.

We have audited:

» the financial statements of TEC on pages 119 to 152, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and

» the performance information of TEC on pages 32 to 56 and 78 to 116.

**Opinion**

***Unmodified opinion on the financial statements***

In our opinion the financial statements of TEC on pages 119 to 152:

» present fairly, in all material respects:

  › its financial position as at 30 June 2020; and

  › its financial performance and cash flows for the year then ended; and

» comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

***Modified opinion on the performance information because TEC was not able to report against performance measures reliant on a customer satisfaction survey***

In our opinion, except for the matter described in the *Basis for our modified opinion* section of our report, the performance information of TEC on pages 32 to 56 and 78 to 116:

» presents fairly, in all material respects, TEC's performance for the year ended 30 June 2020, including:

  › for each class of reportable outputs:

    - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and

    - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and

  › what has been achieved with the appropriations; and

  › the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.

» complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 10 December 2020. This is the date at which our opinion is expressed.

The basis for our modified opinion is explained below, and we draw attention to the impact of Covid-19 on TEC. In addition, we outline the responsibilities of the Board of Commissioners and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

**Basis for our modified opinion**

The satisfaction of users of TEC's services is an important part of TEC's performance information because it is indicative of the quality of the services provided. As explained on pages 47 and 80 of the annual report, the 2019/20 customer survey (Partner and Provider Survey) could not be completed due to the Covid-19 pandemic. As a result, TEC has been unable to report against five performance measures related to results from this survey this year.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified opinion.

**Emphasis of matter – Covid-19**

Without further modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on TEC as set out in note 20 to the financial statements and of pages 47, 51, 80, 93, 96, 98, 101 and 103 of the performance information.

**Responsibilities of the Board of Commissioners for the financial statements and the performance information**

The Board of Commissioners is responsible on behalf of TEC for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board of Commissioners is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Commissioners is responsible on behalf of TEC for assessing TEC's ability to continue as a going concern. The Board of Commissioners are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of TEC, or there is no realistic alternative but to do so.

The Board of Commissioners' responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

**Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to TEC's Statement of Intent 2019/20 to 2022/23, TEC's Statement of Performance Expectations 2019/20 and relevant Estimates, Supplementary Estimates and Addition to Supplementary Estimates of Appropriations 2019/20.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

» We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

» We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TEC's internal control.

» We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Commissioners.

» We evaluate the appropriateness of the reported performance information within TEC's framework for reporting its performance.

» We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Commissioners and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on TEC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause TEC to cease to continue as a going concern.

» We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Commissioners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

**Other information**

The Board of Commissioners is responsible for the other information. The other information comprises the information included on pages 1 to 30, 59 to 70, 76 to 77, 118 and 154 to 158, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Independence**

We are independent of TEC in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out an assurance engagement over a mid programme review and assurance engagements over the probity of funding application processes, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in TEC.

S B Lucy
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Wāhanga rima: Tauākī whakatutukitanga
**Part five: Statement of performance**

This diagram shows the amount of money we spent from each appropriation. An appropriation is a sum of money authorised by Parliament for a particular use.

The following sections detail our performance measures for each appropriation and how our applications link to our strategic goals.

We spent **over**
# $4.4 BILLION
INVESTING
in **tertiary education** and
SUPPORTING
the **tertiary education** and **careers systems**.

This appropriation **supports** the Tertiary Education and Careers Systems

## $77.7 MILLION
ADMINISTRATION OF AND **SUPPORT** FOR THE **TERTIARY EDUCATION** AND CAREERS SYSTEMS

This $4.4 billion includes a $1.1 billion COVID-19 related accounting adjustment. Refer to page 118 for further details.

# $3,911.3 MILLION

## TERTIARY TUITION AND TRAINING

THIS INCLUDES:

**COMMUNITY EDUCATION**

**TERTIARY EDUCATION: STUDENT ACHIEVEMENT COMPONENT**

**TRAINING FOR DESIGNATED GROUPS**

**FEES FREE**

# $331.0 MILLION

## TERTIARY EDUCATION RESEARCH AND RESEARCH-BASED TEACHING

# $49.8 MILLION

## CENTRES OF RESEARCH EXCELLENCE

# $26.1 MILLION

## TERTIARY SECTOR / INDUSTRY COLLABORATION PROJECTS

# $53.3 MILLION

## ACCESS TO TERTIARY EDUCATION

# $38.0 MILLION

## SECONDARY TERTIARY INTERFACE

# $15.1 MILLION

## TERTIARY SCHOLARSHIPS AND AWARDS

# $7.5 MILLION

## UNIVERSITY-LED INNOVATION

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

Our operational appropriation enables 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.

The impact of COVID-19 on measures is included in the notes associated with the impacted measures.

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

## Administration of and Support for the Tertiary Education and Careers Systems

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

**This appropriation links to our strategic goals**



**Supporting all learners to succeed**

**Connecting educators and employers**

**Increasing research quality and capability**

**Building provider capability and monitoring performance**

| Administration of and Support for the Tertiary Education and Careers systems | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| **Crown revenue** | | | |
| – Tertiary Education Commission | 69,918 | 63,049 | 69,090 |
| – Māori Education Trust (Ministry of Education administered) | 99 | 109 | 109 |
| Contract – Migrant Futures | 1,708 | 1,613 | 1,629 |
| Contract – Pre-purchased English Language Tuition | 608 | 550 | 703 |
| Interest | 991 | 1,299 | 1,560 |
| Other revenue | 1,846 | 1,512 | 2,143 |
| **Total revenue** | **75,170** | **68,132** | **75,234** |
| **EXPENSES** | | | |
| Tertiary Education Commission | 77,560 | 72,050 | 77,539 |
| Māori Education Trust (Ministry of Education administered) | 99 | 109 | 109 |
| **Total expenses** | **77,659** | **72,159** | **77,648** |
| **Surplus/(deficit)** | **(2,489)** | **(4,027)** | **(2,414)** |

Revenue and expenses are above budget owing to $7 million of additional Crown revenue. $6 million of this was to fund our Review of Vocational Education (RoVE) operational costs. This was partially offset by reduced expenses due to COVID-19.

| Operational measures | | | Trend Information | |
| --- | --- | --- | --- | --- |
| **Measure** | **2019/20 Actual** | **2019/20 Target** | **2019/20 Actual** | **2018/19 Actual** |
| Percentage of TEC-funded tertiary education organisations who agree that auditing processes were made transparent and information was accessible throughout the process | Not able to be measured (Note 1) | Improve on previous year's result | Not able to be measured (Note 1) | 82% |
| Percentage of Tertiary Education Institutes' council members and support staff attending our governance seminars who agree that they gained relevant knowledge to apply to their work | Baseline year (94%) (Note 2) | Baseline year | 94% | Not applicable |
| Percentage of tertiary education organisations who agree that our information products, tools and plan guidance were useful to prepare their investment plans | Not able to be measured (Note 1) | Improve on previous year's result | Not able to be measured (Note 1) | Toolkit 34% / Plan guidance 36% |
| Percentage of careers system stakeholders who agree that our online information and tools are accessible and useful | Not improved on previous year's result | Improve on previous year's result | 77% | 78% |
| Percentage of TEC-funded tertiary education organisations who agree that TEC information and engagement helps them to support Māori and Pasifika students to succeed | Not able to be measured (Note 1) | Improve on previous year's result | Not able to be measured (Note 1) | 37% |
| Percentage of TEC-funded tertiary education organisations who agree that engagement with TEC was useful and supported them to deliver on Tertiary Education Strategy priorities | Not able to be measured (Note 1) | Baseline year | Not able to be measured (Note 1) | Not applicable |
| Percentage of payments the TEC makes to tertiary education organisations that are accurate and timely | Not maintained previous year's result (Note 3) | Maintain previous year's result | 99.87% | 99.95% |
| The overall satisfaction rating given by the Minister of Education on the Tertiary Education Commission (as per the Common Satisfaction Survey - (Note 4)) | Improved on previous years result | Maintain or improve on previous year's result | 8 out of 10 | 7 out of 10 |

Note 1 – The 2019/20 customer survey (Partner and Provider Survey) was not held owing to the impact of COVID-19 on proposed survey respondents which include tertiary education organisations and other government agencies. We were particularly concerned about the impact of COVID-19 on tertiary education organisations and considered it inappropriate to survey them at a time when they would have so much else to deal with. While we are not able to report on the view of tertiary education organisations you can see how we have been helping them support Māori and Pasifika students to succeed (pages 18-19), deliver on Tertiary Education Strategy priorities and prepare their investment plans (pages 38-39). Our customers' views are a valued part of our performance reporting. We will restart our survey preparation later in 2020 and will hold the next survey in February 2021. This will ensure that we continue to track our performance and be aware of and respond to our customers' views.

Note 2 – Results are based only on the attendees of the Governance Network Meeting in July 2019; data was not systematically collected for two other events held (although the feedback was positive). We intended to collect data from two further events planned for the year, but these events were postponed to 2020/21.

Note 3 – We did not achieve the target of 99.87% of payments made accurately and on time, (actual payments were 99.87%), owing to delays between receipt of contract milestone reports and payments to providers in one of our Literacy and Numeracy funds. We have since changed our process and have dedicated staff ensuring the smooth flow of milestone approvals and contract reviews in this fund.

Note 4 – The Common Satisfaction Survey rating measures Ministers' satisfaction with the quality of advice on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.

Ka tuku haumi tātou ki te mātauranga, whakangungu hoki tua atu i kura tuarua

# WE **INVEST**

in all forms of **post-secondary school**

# EDUCATION & TRAINING

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

The following sections show the amount we spent through each appropriation in 2019/20 and the measures that we used 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 2017/18, 2018/19 and 2019/20. Calendar year forecasts, targets and results are shown as 2017, 2018 and 2019.

Performance results for the 2019 calendar year were not impacted by the onset of the COVID-19 pandemic in 2020.

# WE CONTRIBUTE TO,

**but do not control,** the sector output measures we report on. The 2019 sector measure results were impacted by a number of factors.

In 2019 (before the onset of COVID-19), the New Zealand economy was experiencing a period of slower, but still solid, economic growth as household spending eased and global uncertainty weighed on business investment (growth fell from 3.2% in the year to June 2018 to 2.4% in the year to June 2019). As a result, the forecast for GDP growth in 2019/20 was revised down. Although growth slowed, conditions in the labour market remained tight, with wage and cost pressures increasing. Most labour market outcomes for Māori improved over the year to June 2019.

Traditionally, this has meant that more learners chose to go into employment, rather than enter or remain in education, contributing to slightly lower participation, retention and completion of education. Historically, a proportion of these learners return to study. While this type of decision-making impacts all learners, it often has a greater impact for Māori and Pacific learners who can have greater financial pressures to work instead of remaining in study.

As overall demand for tertiary education decreased, tertiary education organisations are likely to be working with a greater proportion of less prepared students. These are students who are less able to immediately enter the labour market and will need greater support when they enter the tertiary education system. These students are also less likely to be retained in the education system and successfully complete courses or qualifications.

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

While the overall demand for tertiary education has continued in a soft downward trend across 2019, COVID-19 is expected to lift tertiary and vocational education participation if unemployment increases. However, during the global financial crisis, Māori were hit hardest and the economic impacts of COVID-19 are expected to be similar – amplifying higher unemployment and existing inequities in tertiary education. The current government initiatives are expected to address this by offering a range of training options to ensure Māori and Pacific peoples have educational options that will enable them to up-skill and retrain. While we won't know the full impact of these at the moment, it is likely we will see some increases in participation. The impact of COVID-19 on international students is expected to have a negative impact across the sector.

## Te whaiuru ki te Mātauranga Matua
## Access to Tertiary Education

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

**This appropriation links to our strategic goals**

**Supporting all learners to succeed**

**Connecting educators and employers**

**Increasing research quality and capability**

Building provider capability and monitoring performance

| Access to Tertiary Education | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| **Crown revenue** | | | |
| Equity Loading | 16,613 | 17,149 | 16,475 |
| Grant under section 321 of the Education Act to Southern Institute of Technology | 3,422 | - | - |
| Group Training Schemes | 3,069 | - | - |
| Māori and Pasifika Trades Training Top Up | 10,609 | 8,400 | 7,171 |
| Student Hardship Fund | 19,564 | - | - |
| **Total revenue** | **53,277** | **25,549** | **23,646** |
| **EXPENSES** | | | |
| Equity Loading | 16,613 | 17,149 | 16,475 |
| Grant under section 321 of the Education Act to Southern Institute of Technology | 3,422 | - | - |
| Group Training Schemes | 3,069 | - | - |
| Māori and Pasifika Trades Training Top Up | 10,609 | 8,400 | 7,171 |
| Student Hardship Fund | 19,564 | - | - |
| **Total expenses** | **53,277** | **25,549** | **23,646** |
| **Surplus/(deficit)** | **-** | **-** | **-** |

Revenue and expenses were $28 million above budget for the year. We received additional money for new funds during the year resulting in a further $28 million of revenue and expenditure that were not part of the original budget.

## Māori and Pacific Trades Training

| Māori and Pacific Trades Training | | | | *Trend Information* | |
|---|---|---|---|---|---|
| **Measure** | **2019 Actual** | **2019 Target** | **2018 Actual** | **2019 Actual data result** | **2018 Actual data result** |
| Percentage of learners per calendar year progressing from Māori and Pacific Trades Training to apprenticeships and managed apprenticeships, other industry training at level 3 and above or further study at New Zealand Qualifications Framework level 4 and above. | Not improved on previous year's result (Note 1) | Improve on previous year's result | Not improved on previous year's result | 37% | 40% |

Note 1 – This result reflects a strong economy and a buoyant labour market. It is likely that learners gained foundational skills during their Māori and Pacific Trades Training study that supported their transition directly into employment. High employment in 2018 and 2019 reduced demand for this programme. Withdrawal rates rose owing to a strong labour market offering good employment opportunities which encourage learners to leave the programme early. Average progression rates of the remaining learners reduced, as a higher proportion of them were second chance learners.

## Ngā Pokapū Rangahau Ikeike
# Centres of Research Excellence

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.

**This appropriation links to our strategic goals**

Supporting all learners to succeed

Connecting educators and employers

**Increasing research quality and capability**

Building provider capability and monitoring performance

| Centres of Research Excellence | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| Crown revenue | 49,800 | 49,800 | 49,800 |
| **Total revenue** | **49,800** | **49,800** | **49,800** |
| **Total expenses** | **49,800** | **49,800** | **49,800** |
| **Surplus/(deficit)** | - | - | - |

## Centres of Research Excellence

| Measure | 2019 Actual | 2019 Target | 2018 Actual |
|---|---|---|---|
| Centres of Research Excellence annual reports are reviewed and appropriate action is taken (Note 1) | Achieved | Achieved | Achieved |

Note 1 – Annual reports are reviewed against milestones and key performance indicators set in annual plans. Review looks 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 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.

**This appropriation links to our strategic goals**

**Supporting all learners to succeed**

**Connecting educators and employers**

**Increasing research quality and capability**

Building provider capability and monitoring performance

| Tertiary Education Research and Research-Based Teaching | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| **Crown revenue** | | | |
| Performance-Based Research Fund | 315,000 | 315,000 | 315,000 |
| – External Research Income element | 63,000 | 63,000 | 63,000 |
| – Quality Evaluation element | 173,250 | 173,250 | 173,250 |
| – Research Degree Completions element | 78,750 | 78,750 | 78,750 |
| Wānanga Research Capability Fund | 6,000 | 3,750 | 1,500 |
| Grant under section 321 of the Education Act to Te Wānanga o Raukawa (Ministry of Education administered) | 10,000 | - | - |
| **Total revenue** | **331,000** | **318,750** | **316,500** |
| **EXPENSES** | | | |
| Performance-Based Research Fund | 315,000 | 315,000 | 315,000 |
| – External Research Income element | 63,000 | 63,000 | 63,000 |
| – Quality Evaluation element | 173,250 | 173,250 | 173,250 |
| – Research Degree Completions element | 78,750 | 78,750 | 78,750 |
| Wānanga Research Capability Fund | 6,000 | 3,750 | 1,500 |
| Grant under section 321 of the Education Act to Te Wānanga o Raukawa (Ministry of Education administered) | 10,000 | - | - |
| **Total expenses** | **331,000** | **318,750** | **316,500** |
| **Surplus/(deficit)** | **-** | **-** | **-** |

## Performance-Based Research Fund

| Measure | 2019 Actual | 2019 Target | 2018 Actual |
|---|---|---|---|
| Research degree completions (measured by Performance-Based Research Fund (PBRF)–eligible research degree completions (Note 1)) | 4,042 (+1.5%) | Previous year ±5% | 3,984 |
| Percentage increase in amount of external income for PBRF–eligible providers (Notes 2 and 3) | 2.95% | 3-5% | 13.7% |

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

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

Note 3 – Between 2018 and 2019 there was a 21.8% ($25.4 million) increase in the New Zealand public sector contract research component of External Research Income. The other three External Research Income components decreased marginally.

Ngā Kaupapa Mahitahi ki te Rāngai Mātauranga Matua, Ahumahi hoki
## Tertiary Sector / Industry Collaboration Projects

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.

**This appropriation links to our strategic goals**

**Supporting all learners to succeed**

Connecting educators and employers

**Increasing research quality and capability**

Building provider capability and monitoring performance

| Tertiary Sector / Industry Collaboration Projects | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| **Crown revenue** | | | |
| Centres of Asia-Pacific Excellence | 9,875 | 9,875 | 10,000 |
| Early Childhood Education Qualification Translation | - | 500 | - |
| Engineering Education to Employment | 242 | 500 | 1,018 |
| Information and Communications Technology Graduate Schools (Development and Delivery) | 1,610 | 1,610 | 1,581 |
| Māori and Pasifika Trades Training (Brokerage) | 2,292 | 3,009 | 1,272 |
| Māori and Pasifika Trades Training (Consortia) | 7,558 | 4,762 | 3,978 |
| National Centre for Tertiary Teaching Excellence | 3,556 | 3,556 | 3,556 |
| Qualification Development Fund | 410 | 1,000 | 478 |
| Quality Teaching Agenda (Ministry of Education administered) | 555 | 2,520 | 1,203 |
| **Total revenue** | **26,098** | **27,332** | **23,086** |

| Tertiary Sector / Industry Collaboration Projects | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **EXPENSES** | | | |
| Centres of Asia-Pacific Excellence | 9,875 | 9,875 | 10,000 |
| Early Childhood Education Qualification Translation | - | 500 | - |
| Engineering Education to Employment | 242 | 500 | 1,018 |
| Information and Communications Technology Graduate Schools (Development and Delivery) | 1,610 | 1,610 | 1,581 |
| Māori and Pasifika Trades Training (Brokerage) | 2,292 | 3,009 | 1,272 |
| Māori and Pasifika Trades Training (Consortia) | 7,558 | 4,762 | 3,978 |
| National Centre for Tertiary Teaching Excellence | 3,556 | 3,556 | 3,556 |
| Qualification Development Fund | 410 | 1,000 | 478 |
| Quality Teaching Agenda (Ministry of Education administered) | 555 | 2,520 | 1,203 |
| **Total expenses** | **26,098** | **27,332** | **23,086** |
| **Surplus/(deficit)** | **-** | **-** | **-** |
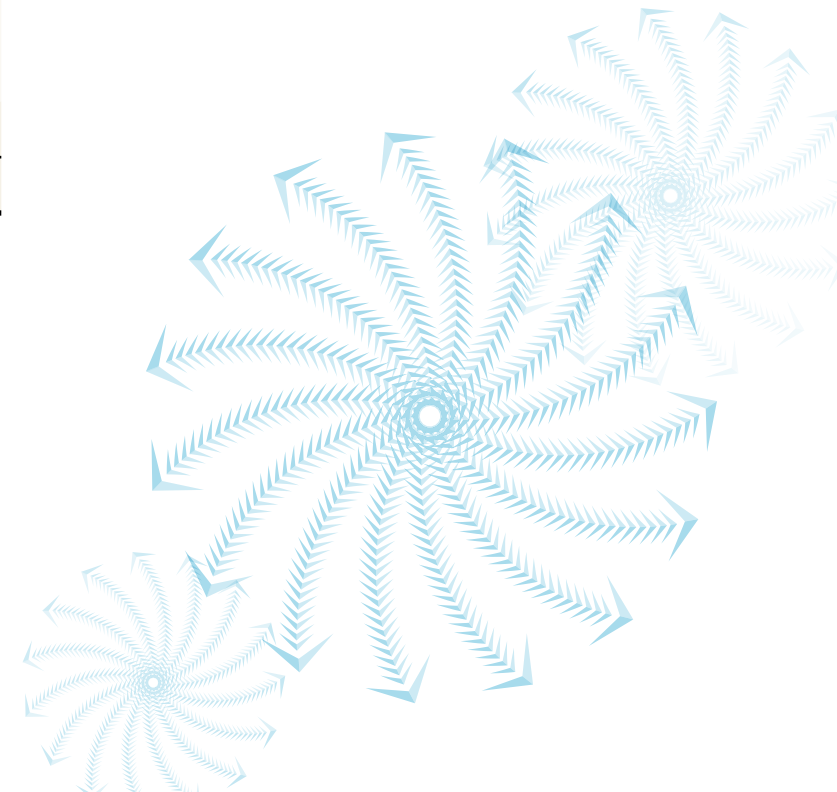
## ICT Graduate Schools

| Information and Communications Technology (ICT) Graduate Schools | | | | Trend Information | |
|---|---|---|---|---|---|
| Measure | 2019 Actual | 2019 Target | 2018 Actual | 2019 Actual data result | 2018 Actual data result |
| Number of domestic equivalent full-time students in Information and Communications Technology (ICT) Graduate Schools per calendar year | Not improved on previous year's results (Note 1) | Improve on previous year's result | Improved on previous year's result | 195 | 206 |

Note 1 – All three ICT Graduate schools did not meet their 2019 domestic enrolment targets. Overall there was a 5.3% decrease from 2018 to 2019 (11 equivalent full-time students less than 2018). The funding for ICT Graduate schools finishes at the end of 2020.

## Centres of Asia and Pacific Excellence

| Measure | 2019 Actual | 2019 Target | 2018 Actual |
|---|---|---|---|
| Centres of Asia Pacific Excellence (CAPE) annual reports are reviewed and appropriate action is taken (Notes 1 and 2) | Achieved | Achieved | Achieved |

Note 1 – Plans are reviewed against milestones and key performance indicators set in research plans. Review looks at progress on delivery towards policy objectives and long-term outcomes.

Note 2 – All 2019 reporting targets were met. Annual Reports from the three Centres of Asia Pacific Excellence were assessed as acceptable. Full assessment of their impact requires a strategic plan and revised performance management framework, as recommended by the mid-term review, accordingly the CAPEs are developing a new joint strategic plan.

## He Auahatanga ka arahina e ngā Whare Wānanga
## University-led Innovation

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 innnovation, with a focus on Tertiary Education Strategy priorities.

**This appropriation links to our strategic goals**

**Supporting all learners to succeed**

**Connecting educators and employers**

**Increasing research quality and capability**

Building provider capability and monitoring performance

| University-led Innovation | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| Crown revenue | 7,526 | 9,979 | 4,021 |
| **Total revenue** | **7,526** | **9,979** | **4,021** |
| **Total expenses** | **7,526** | **9,979** | **4,021** |
| **Surplus/(deficit)** | - | - | - |

### Entrepreneurial Universities

| Measure | 2019 Actual | 2019 Target | 2018 Actual |
|---|---|---|---|
| Entrepreneurial Universities' annual reports are reviewed and appropriate action is taken (Notes 1 and 2) | Achieved | Achieved | Achieved |

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

Notes 2 – All reporting targets were met and the associated milestone payments actioned.

He Karahipi, he Whakawhiwhinga hoki mō te Taumata Mātauranga Matua
## Tertiary Scholarships and Awards

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

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

› Trainee Medical Intern Grant

› Tertiary Teaching Awards.

| Tertiary Scholarships and Awards | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| **Crown revenue** | | | |
| Tertiary Teaching Awards | 200 | 200 | 200 |
| Trainee Medical Intern Grant | 14,135 | 14,605 | 13,917 |
| Ministry of Education administered awards | 719 | 1,080 | 1,070 |
| **Total revenue** | **15,054** | **15,885** | **15,187** |
| **EXPENSES** | | | |
| Tertiary Teaching Awards | 200 | 200 | 200 |
| Trainee Medical Intern Grant | 14,135 | 14,605 | 13,917 |
| Ministry of Education administered awards | 719 | 1,080 | 1,070 |
| **Total expenses** | **15,054** | **15,885** | **15,187** |
| **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.

## Mai i te Kura Tuarua ki te Taumata Mātauranga Matua
## Secondary-Tertiary Interface

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

| Secondary-Tertiary Interface | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| Crown revenue | 37,957 | 22,150 | 18,474 |
| **Total revenue** | **37,957** | **22,150** | **18,474** |
| **Total expenses** | **37,957** | **22,150** | **18,474** |
| **Surplus/(deficit)** | - | - | - |

Revenue and expenses were $16 million above budget for the year. In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. This caused an additional $14 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21. Refer to the COVID-19 impact on grants on page 118 for further details.

He Akoako, he Whakangungu hoki i te Taumata Mātauranga Matua
## Tertiary Tuition and Training

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

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

› Community Education

› Tertiary Education: Student Achievement Component

› Training for Designated Groups

› Fees-free Payments.

The 2019 measure results were impacted by a number of factors which are detailed on page 82.

**This appropriation links to our strategic goals**

**Supporting all learners to succeed**

Connecting educators and employers

**Increasing research quality and capability**

Building provider capability and monitoring performance

| Tertiary Tuition and Training (MCA) | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| **Crown revenue** | | | |
| Community Education | 106,772 | 74,566 | 70,959 |
| Tertiary Education: Student Achievement Component | 3,007,361 | 2,115,387 | 1,981,558 |
| Training for Designated Groups | 427,079 | 307,323 | 269,617 |
| Fees-free Payments | 370,087 | 346,132 | 283,539 |
| **Total revenue** | **3,911,299** | **2,843,408** | **2,605,673** |
| **EXPENSES** | | | |
| Community Education | 106,772 | 74,566 | 70,959 |
| Tertiary Education: Student Achievement Component | 3,007,361 | 2,133,387 | 1,981,558 |
| Training for Designated Groups | 427,079 | 307,323 | 269,617 |
| Fees-free Payments | 370,087 | 346,132 | 283,539 |
| **Total expenses** | **3,911,299** | **2,861,408** | **2,605,673** |
| **Surplus/(deficit)** | **-** | **(18,000)** | **-** |

For major variance explanations against budget, refer to the individual tables on the following pages.

## Overall measure

| Overall completion | | | | Trend information | |
|---|---|---|---|---|---|
| **Measure** | **2019 Actual** | **2019 Target** | **2018 Actual** | **2019 Actual data result** | **2018 Actual data result** |
| Percentage of Student Achievement Component and Youth Guarantee learners who complete 75% of their courses | Improved on previous year's result | Improve on previous year's result | Not Improved on previous year's result | 74.6% | 74% |

## Mātauranga ā-Hapori
# Community Education

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

**This appropriation links to our strategic goals**

**Supporting all learners to succeed**

Connecting educators and employers

Increasing research quality and capability

Building provider capability and monitoring performance

| Community Education | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| **Crown Revenue** | | | |
| Adult and Community Education | 36,960 | 23,935 | 22,052 |
| Emergency Management Pool | 1,686 | 1,708 | 1,335 |
| English for Speakers of Other Languages | 23,538 | 14,022 | 12,265 |
| Immigration Levy | - | - | 213 |
| Literacy and Numeracy Provision | 44,588 | 34,901 | 35,094 |
| **Total revenue** | **106,772** | **74,566** | **70,959** |
| **EXPENSES** | | | |
| Adult and Community Education | 36,960 | 23,935 | 22,052 |
| Emergency Management Pool | 1,686 | 1,708 | 1,335 |
| English for Speakers of Other Languages | 23,538 | 14,022 | 12,265 |
| Immigration Levy | - | - | 213 |
| Literacy and Numeracy Provision | 44,588 | 34,901 | 35,094 |
| **Total expenses** | **106,772** | **74,566** | **70,959** |
| **Surplus/(deficit)** | **-** | **-** | **-** |

Revenue and expenses were $32 million above budget for the year. In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. This caused an additional $36 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21. Refer to the COVID-19 impact on grants on page 118 for further details.

| Community Education | | | Trend information | |
| --- | --- | --- | --- | --- |
| **Measure** | **Actual 2019** | **Target 2019** | **Actual 2019** | **Actual 2018** |
| **Percentage of learners accessing the desired range (hours) of provision (Note 1)** | | | | |
| Intensive literacy and numeracy | Not improved on previous year's result (Note 2) | Improve on previous year's result | 62.89% | 65.5% |
| Workplace Literacy and Numeracy (tertiary education organisation – led) | Improved on previous year's result | Improve on previous year's result | 73.37% | 61.1% |
| English for Speakers of Other languages | Not maintained or improved on previous year's result (Note 2) | Maintain or improve on previous year's result | 95.78% | 96.8% |

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

Note 2 – 2019 enrolment has increased compared to 2018. However there have been more learners in 2019, exceeding the desired hour range for both English for speakers of other languages and intensive literacy and numeracy when compared to 2018.

## Mātauranga Matua: Wāhanga Whakatutukitanga Ākonga
# Tertiary Education: Student Achievement Component

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

**This appropriation links to our strategic goals**

**Supporting all learners to succeed**

Connecting educators and employers
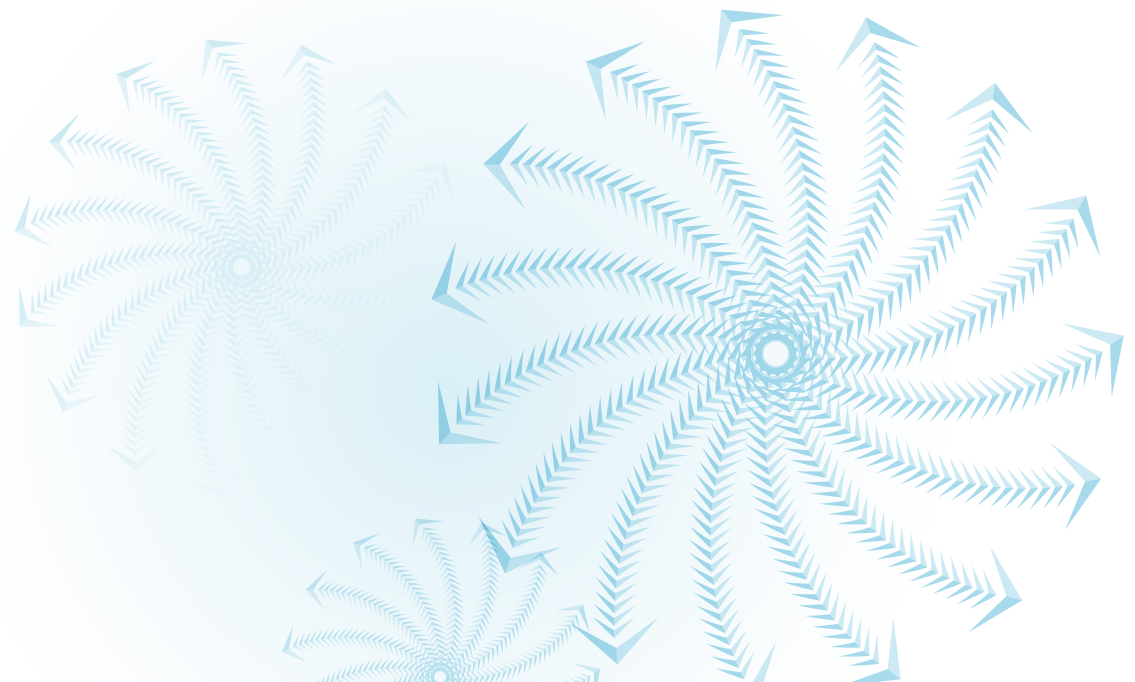
**Increasing research quality and capability**

Building provider capability and monitoring performance

| Tertiary Education: Student Achievement Component | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| **Crown revenue** | | | |
| Provision at levels 1 and 2 | 102,855 | 93,238 | 80,583 |
| Provision at levels 3 and above | 2,887,694 | 2,014,840 | 1,892,371 |
| – Universities | 1,813,065 | 1,270,522 | 1,192,639 |
| – New Zealand Institute of Skills and Technology and Institutes of Technology and Polytechnics | 653,301 | 450,247 | 414,253 |
| – Wānanga | 147,783 | 119,432 | 116,679 |
| – Private Training Establishments | 273,545 | 174,639 | 168,800 |
| Grant under section 321 of the Education Act to School of Dance and School of Drama | 2,373 | 2,834 | 2,331 |
| Grant under section 321 of the Education Act to Southern Institute of Technology | - | - | 1,810 |
| Information and Communications Technology Graduate Programmes | 1,829 | 4,475 | 4,463 |
| Technology Access Fund | 12,610 | - | - |
| **Total revenue** | **3,007,361** | **2,115,387** | **1,981,558** |

Revenue was $892 million above budget and expenses were $874 million above budget for the year. In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. This caused an additional $825 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21. Refer to the COVID-19 impact on grants on page 118 for further details.

| Tertiary Education: Student Achievement Component | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **EXPENSES** | | | |
| Provision at levels 1 and 2 | 102,855 | 93,238 | 80,583 |
| Provision at levels 3 and above | 2,887,694 | 2,032,840 | 1,892,371 |
| – Universities | 1,813,065 | 1,281,873 | 1,192,639 |
| – New Zealand Institute of Skills and Technology and Institutes of Technology and Polytechnics | 653,301 | 454,269 | 414,253 |
| – Wānanga | 147,783 | 120,499 | 116,679 |
| – Private Training Establishments | 273,545 | 176,199 | 168,800 |
| Grant under section 321 of the Education Act to School of Dance and School of Drama | 2,373 | 2,834 | 2,331 |
| Grant under section 321 of the Education Act to Southern Institute of Technology | - | - | 1,810 |
| Information and Communications Technology Graduate Programmes | 1,829 | 4,475 | 4,463 |
| Technology Access Fund | 12,610 | - | - |
| **Total expenses** | **3,007,361** | **2,133,387** | **1,981,558** |
| **Surplus/(deficit)** | **-** | **(18,000)** | **-** |

## All learners

| All learners | | | | | Trend information | |
|---|---|---|---|---|---|---|
| **Measure** | **Level** | **2019 Actual** | **2019 Target** | **2018 Actual** | **2019 Actual data result** | **2018 Actual data result** |
| **Course completion** | | | | | | |
| Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses | Levels 4-7 non-degree | Improved on previous year's result | Improve on previous year's result | Improved on previous year's result | 76.5% | 75.9% |
| | Level 7 degree and above | Not improved on previous year's result | Improve on previous year's result | Not improved on previous year's result | 86.0% | 86.7% |
| **Qualification completion** | | | | | | |
| Percentage of Student Achievement Component-funded students completing qualifications | Levels 4-7 non-degree | Improved on previous year's result | Improve on previous year's result | Not improved on previous year's result | 58.4% | 54.3% |
| | Level 7 degree and above | Not improved on previous year's result | Improve on previous year's result | Improved on previous year's result | 61.0% | 62% |
| **Progression** | | | | | | |
| Percentage of Student Achievement Component-funded students progressing: Within New Zealand Qualifications Framework levels or from levels 1-3 to level 4 and above | | Not improved on previous year's result | Improve on previous year's result | Improved on previous year's result | 37.7% | 39.5% |
| **Retention** | | | | | | |
| First year retention rates for qualification at: | Levels 4-7 non-degree | Improved on previous year's result | Improve on previous year's result | Improved on previous year's result | 57.7% | 51.2% |
| | Level 7 degree and above | Improved on previous year's result | Improve on previous year's result | Improved on previous year's result | 77.4% | 75.7% |

## He Whakangungu mā ngā Rōpū ka Tohua
# Training for Designated Groups

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

**This appropriation links to our strategic goals**

**Supporting all learners to succeed**

**Connecting educators and employers**

Increasing research quality and capability

Building provider capability and monitoring performance

| Training for Designated Groups | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| **Crown revenue** | | | |
| Gateway | 28,587 | 18,854 | 18,709 |
| Industry Training Fund | 282,423 | 176,894 | 179,321 |
| Industry Training Fund — Direct Access Scheme | (100) | 5,026 | 1,532 |
| Industry Training-related Projects | 410 | 3,950 | 842 |
| Youth Guarantee | 115,759 | 102,599 | 69,213 |
| **Total revenue** | **427,079** | **307,323** | **269,617** |
| **EXPENSES** | | | |
| Gateway | 28,587 | 18,854 | 18,709 |
| Industry Training Fund | 282,423 | 176,894 | 179,321 |
| Industry Training Fund — Direct Access Scheme | (100) | 5,026 | 1,532 |
| Industry Training-related Projects | 410 | 3,950 | 842 |
| Youth Guarantee | 115,759 | 102,599 | 69,213 |
| **Total expenses** | **427,079** | **307,323** | **269,617** |
| **Surplus/(deficit)** | **-** | **-** | **-** |

The negative amount in Industry Training Fund – Direct Access Scheme relates to a June 2019 accrual that was made in anticipation of receiving a final report from a provider. The provider delivered less than the contracted amount and so the accrual was reversed, resulting in the negative amount.

Revenue and expenses were $120 million above budget for the year. In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. This caused an additional $139 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21. Refer to the COVID-19 impact on grants on page 118 for further details.

## Industry training programme completion

| All learners – programme completion | | | | | Trend information | |
|---|---|---|---|---|---|---|
| **Measure** | **Group** | **2019 Actual** | **2019 Target** | **2018 Actual** | **2019 Actual data result** | **2018 Actual data result** |
| Percentage completing programmes | All learners | Improved on previous year's result | Improve on previous year's result | Not improved on previous year's result | 68% | 67.48% |
| | Industry Trainees | Not improved on previous year's result | Improve on previous year's result | Not improved on previous year's result | 70.4% | 70.04% |
| | Apprentices | Improved on previous year's result | Improve on previous year's result | Not improved on previous year's result | 61.5% | 45.42% |

## Youth Guarantee and Gateway

| **Measure** | **2019 Actual** | **2019 Target** | **2018 Actual** |
|---|---|---|---|
| Youth Guarantee – Percentage of Youth Guarantee learners completing qualifications at level 2 or 3 | Improved on previous year's result (2019 - 60%) | Improve on previous year's result | 59.2% |
| Gateway – total participants and number of schools | 14,333 (+8.5%) in 378 schools | 13,200 ±5% in up to 375 schools | 13,615.00 in 376 schools |

## He Utu Nama-kore
## Fees-free Payments

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

**This appropriation links to our strategic goals**

**Supporting all learners to succeed**

Connecting educators and employers

Increasing research quality and capability

Building provider capability and monitoring performance

| Fees-free Payments | 2019/20 Actual $000 | 2019/20 Budget $000 | 2018/19 Actual $000 |
|---|---|---|---|
| **REVENUE** | | | |
| Crown revenue | 370,087 | 346,132 | 283,539 |
| **Total revenue** | **370,087** | **346,132** | **283,539** |
| **Total expenses** | **370,087** | **346,132** | **283,539** |
| **Surplus/(deficit)** | - | - | - |

Revenue and expenses were $24 million above budget for the year. In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. This caused an additional $89 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21. Our budget is set to ensure that sufficient funding is available for the TEC to pay providers. Refer to the COVID-19 impact on grants on page 118 for further details.

| Measure | Actual 2019 | Target 2019 | Actual 2018 |
|---|---|---|---|
| Average fees-free payments (including GST) received by first year Fees Free learners (Notes 1 and 2) | $5,736 (Note 3) | At least $5,759 | $5,759 |

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.

Notes 2 – This measure replaces the measure set out in the vote Tertiary Education Estimates of Appropriations 2019/20. The replacement measure was put into effect through the Vote Tertiary Education Supplementary Estimates of Appropriations 2019/20.

Notes 3 – The slight change in dollar value reflects the change in the type of study (moving towards industry training).

| Measure | 2019 Actual | 2019 Target | 2018 Actual | Trend information | |
| --- | --- | --- | --- | --- | --- |
| | | | | 2019 Actual data result | 2018 Actual data result |
| Percentage increase in first-time (Note 1) domestic learners (including industry training) at leave 3 and above | Improved on previous year's result | Improve on previous year's result | Baseline year | 0.15% | Baseline year |

Note 1 – First-time learners as defined by current learners eligibility criteria for fees-free http://www.feesfree.govt.nz/faqs/.
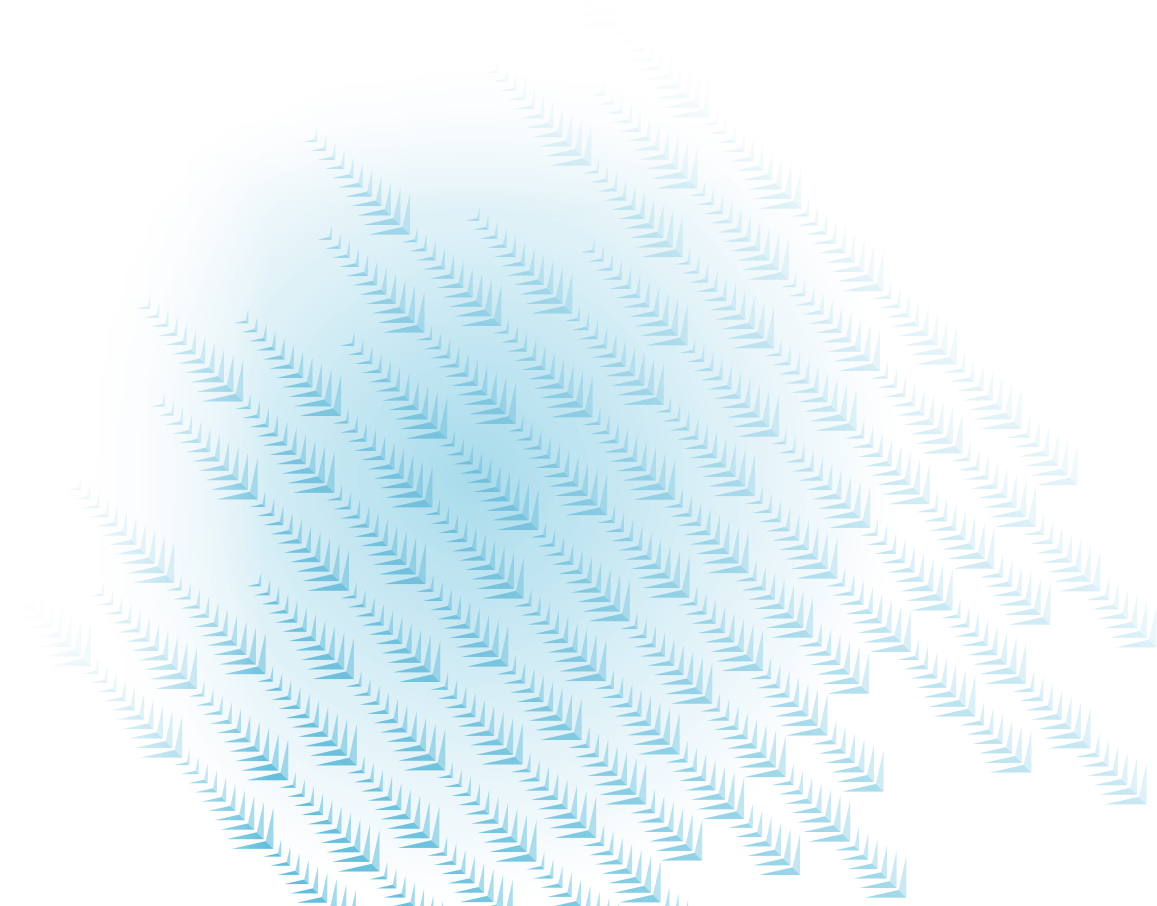
Ngā ākonga Māori, ngā ākonga Moana nui ā Kiwa hoki

# MĀORI AND PACIFIC LEARNERS

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

While we have made some gains in participation and achievement for Māori and Pacific learners, we've still got a long way to go to ensure the tertiary education system delivers equitable outcomes for all learners.

We need a system-level shift in performance to close these gaps. We need to change our focus from individual small-scale interventions to a comprehensive holistic reform of the system.

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

The 2019 Māori and Pacific learner measure reults were impact by a number of factors which are detailed on page 82.

Ngā ākonga Māori
## Māori learners

### Overall measure

| Measure | Level | 2019 Actual | 2019 Target | 2018 Actual |
|---|---|---|---|---|
| Percentage of students (Note 1) completing qualifications | Level 7 degree and above | Not improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |

| *Māori learners – Trend information* | | | | | | |
|---|---|---|---|---|---|---|
| | | | **2019 Actual data result** | | **2018 Actual data result** | |
| **Measure** | **Level** | **Group** | Qualification completion | Parity gap | Qualification completion | Parity gap |
| **Qualification completion** | | | | | | |
| Percentage of students (Note 1) completing qualifications | Level 7 degree and above | Māori | 48.1% | -18.3 percentage points | 49.8% | -16.7 percentage points |
| | | Non-Māori and non-Pacific | 66.4% | | 66.5% | |

Note 1 – All students enrolled in a formal qualification at a university, institute of technology and polytechnic, private training establishment, or wānanga.

## Tertiary Education: Student Achievement Component

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

| Measure | Level | 2019 Actual | 2019 Target | 2018 Actual |
|---|---|---|---|---|
| **Couse completion** | | | | |
| Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses | Levels 4-7 non-degree | Improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |
| | Level 7 degree and above | Improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |
| **Qualification completion** | | | | |
| Percentage of Student Achievement Component-funded students completing qualifications | Levels 4-7 non-degree | Improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |
| | Level 7 degree and above | Not improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |
| **Progression** | | | | |
| Percentage of Student Achievement Component-funded students progressing: Within New Zealand Qualifications Framework levels or from levels 1-3 to level 4 and above | | Maintained previous year's result (Note 1) | Maintain previous year's result | Maintained previous year's result |
| **Retention** | | | | |
| First year retention rates for qualification at: | Levels 4-7 non-degree | Improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |
| | Level 7 degree and above | Not improved on previous year's result | Improve on previous year's result | Improved on previous year's result |

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

## *Trend information – Māori learners (relative to non-Māori and non-Pacific learners)*

| Māori learners – Trend information | | | 2019 Actual data result | | 2018 Actual data result | |
|---|---|---|---|---|---|---|
| **Measure** | **Level** | **Group** | Course completion | Parity gap | Course completion | Parity gap |
| **Couse completion** | | | | | | |
| Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses | Level 4-7 non-degree | Māori | 71.0% | -8.6 percentage points | 68.9% | -11.9 percentage points |
| | | Non-Māori and non-Pacific | 79.6% | | 80.8% | |
| | Level 7 degree and above | Māori | 81.1% | -7.5 percentage points | 81.1% | -7.8 percentage points |
| | | Non-Māori and non-Pacific | 88.6% | | 88.9% | |
| **Qualification completion** | | | | | | |
| Percentage of Student Achievement Component-funded students completing qualifications | Levels 4-7 non-degree | Māori | 60.3% | 2.4 percentage points | 53.4% | -1.3 percentage points |
| | | Non-Māori and non-Pacific | 57.9% | | 54.7% | |
| | Level 7 degree and above | Māori | 48% | -15.5 percentage points | 49.7% | -15.4 percentage points |
| | | Non-Māori and non-Pacific | 63.5% | | 65.1% | |
| **Progression** | | | | | | |
| Percentage of Student Achievement Component-funded students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above | | Māori | 35.8% | 1.1 percentage points | 34.9% | - 0.5 percentage points |
| | | Non-Māori and non-Pacific | 34.7% | | 35.4% | |
| **Retention** | | | | | | |
| First year retention rates for qualification at: | Levels 4-7 non-degree | Māori | 52.2% | -7.1 percentage points | 42.9% | -10.6 percentage points |
| | | Non-Māori and non-Pacific | 59.3% | | 53.5% | |
| | Level 7 degree and above | Māori | 67.6% | -11.1 percentage points | 68.7% | -8.3 percentage points |
| | | Non-Māori and non-Pacific | 78.7% | | 77.0% | |

**Training for Designated Groups – Industry training programme completion**

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

| Measure | 2019 Actual | 2019 Target | 2018 Actual |
|---|---|---|---|
| Percentage completing programmes | Improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |

| *Māori learners – Trend information* | | | | | |
|---|---|---|---|---|---|
| | | **2019** **Actual data result** | | **2018** **Actual data result** | |
| **Measure** | **Group** | Programme completion | Parity gap | Programme completion | Parity gap |
| Percentage completing programmes | Māori | 62.4% | -6.4 percentage points | 61.37% | -6.39 percentage points |
| | Non-Māori and non-Pacific | 68.8% | | 67.76% | |

## Fees Free

### Māori learners (relative to non-Māori and non-Pacfic learners)

| Measure | 2019<br>Actual | 2019<br>Target | 2018<br>Actual |
|---|---|---|---|
| Percentage increase in first-time (Note 1) domestic learners (including industry training) at level 3 and above | Improve on previous year's result | Improve on previous year's result | Baseline year |

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

| *Māori learners – Trend information* | | | | | |
|---|---|---|---|---|---|
| | | 2019<br>Actual data result | | 2018<br>Actual data result | |
| **Measure** | **Group** | Percentage increase | Parity gap | Percentage increase | Parity gap |
| Percentage increase in first-time (Note 1) domestic learners (including industry training) at level 3 and above | Māori (Note 2) | 7.13%<br>(8,613 learners) | 10.07 percentage point | Baseline year<br>(8,040 learners) | Baseline year |
| | Non-Māori and non-Pacific | -2.94%<br>(33,538 learners) | | Baseline year<br>(34,555 learners) | |

Note 1 – First-time learners as defined by current learner eligibility criteria for fees-free http//www.feefree.govt.nz/faq/.

Note 2 – The 2019 number of learners includes 1,469 learners who identified as both Māori and Pasifika. The 2018 number of learners includes 768 learners who identified as both Māori and Pasifika.

## Ngā ākonga Moana nui ā Kiwa
# Pacific learners

### Overall measure

| Measure | Level | 2019 Actual | 2019 Target | 2018 Actual |
|---|---|---|---|---|
| Percentage of students (Note 1) completing qualifications | Level 7 degree and above | Not improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |

| *Pacific learners – Trend information* | | | | | | |
|---|---|---|---|---|---|---|
| | | | **2019 Actual data result** | | **2018 Actual data result** | |
| **Measure** | **Level** | **Group** | Qualification completion | Parity gap | Qualification completion | Parity gap |
| **Qualification completion** | | | | | | |
| Percentage of students (Note 1) completing qualifications | Level 7 degree and above | Pacific | 49% | -17.4 percentage points | 49.6% | -16.9 percentage points |
| | | Non-Māori and non-Pacific | 66.4% | | 66.5% | |

Note 1 – All students enrolled in a formal qualification at a university, institute of technology and polytechnic, private training establishment, or wānanga.

## Tertiary Education: Student Achievement Component

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

| Measure | Level | 2019 Actual | 2019 Target | 2018 Actual |
|---|---|---|---|---|
| **Course completion** | | | | |
| Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses | Levels 4-7 non-degree | Not improved on previous year's result | Improve on previous year's result | Improved on previous year's result |
| | Level 7 degree and above | Not improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |
| **Qualification completion** | | | | |
| Percentage of Student Achievement Component-funded students completing qualifications | Levels 4-7 non-degree | Not maintained on previous year's result | Maintain previous year's result | Maintained previous year's result (Note 1) |
| | Level 7 degree and above | Not improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |
| **Progression** | | | | |
| Percentage of Student Achievement Component-funded students progressing: Within New Zealand Qualifications Framework levels or from levels 1-3 to level 4 and above | | Maintained previous year's result (Note 1) | Maintain previous year's result | Maintained previous year's result (Note 1) |
| **Retention** | | | | |
| First year retention rates for qualification at: | Levels 4-7 non-degree | Improved on previous year's result | Improve on previous year's result | Not improved on previous year's result |
| | Level 7 degree and above | Not Improved on previous year's result | Improve on previous year's result | Improved on previous year's result |

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

## Trend information – Pacific learners (relative to non-Māori and non-Pacific learners)

| Pacific learners – Trend information | | | 2019 Actual data result | | 2018 Actual data result | |
|---|---|---|---|---|---|---|
| **Measure** | **Level** | **Group** | Course completion | Parity gap | Course completion | Parity gap |
| **Course completion** | | | | | | |
| Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses | Levels 4-7 non-degree | Pacific | 68.2% | -12.4 percentage points | 69.3% | -11.5 percentage points |
| | | Non-Māori and non-Pacific | 80.6% | | 80.8% | |
| | Level 7 degree and above | Pacific | 73.2% | -15.9 percentage points | 73.7% | -15.2 percentage points |
| | | Non-Māori and non-Pacific | 89.1% | | 88.9% | |
| **Qualification completion** | | | | | | |
| Percentage of Student Achievement Component-funded students completing qualifications | Levels 4-7 non-degree | Pacific | 55.9% | -1.8 percentage points | 54.7% | 0 percentage points |
| | | Non-Māori and non-Pacific | 57.7% | | 54.7% | |
| | Level 7 degree and above | Pacific | 47.8% | -16.7 percentage points | 48.6% | -16.5 percentage points |
| | | Non-Māori and non-Pacific | 64.5% | | 65.1% | |
| **Progression** | | | | | | |
| Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above | | Pacific | 41.8% | 7.1 percentage points | 41.4% | 6 percentage points |
| | | Non-Māori and non-Pacific | 34.7% | | 35.4% | |
| **Retention** | | | | | | |
| First year retention rates for qualification at: | Levels 4-7 non-degree | Pacific | 47.2% | -12.1 percentage points | 41% | -12.5 percentage points |
| | | Non-Māori and non-Pacific | 59.3% | | 53.5% | |
| | Level 7 degree and above | Pacific | 72.5% | -6.2 percentage points | 71.0% | -6.0 percentage points |
| | | Non-Māori and non-Pacific | 78.7% | | 77.0% | |

## Training for Designated Groups – Industry training programme completion

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

| Measure | 2019 Actual | 2019 Target | 2018 Actual |
|---|---|---|---|
| Percentage completing programmes | Maintained previous year's result (Note 1) | Maintain previous year's result | Maintained previous year's result (Note 1) |

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

### *Trend information – Pacific learners (relative to non-Māori and non-Pacific learners)*

| **Pacific learners – Trend information** | | | | | |
|---|---|---|---|---|---|
| | | **2019 Actual data result** | | **2018 Actual data result** | |
| **Measure** | **Group** | Programme completion | Parity gap | Programme completion | Parity gap |
| Percentage completing programmes | Pacific | 69% | 0.2 percentage point | 73.44% | 5.68 percentage points |
| | Non-Māori and non-Pacific | 68.8% | | 67.76% | |

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## Fees Free

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

| Measure | 2019 Actual | 2019 Target | 2018 Actual |
|---|---|---|---|
| Percentage increase in first-time (Note 1) domestic learners (including industry training) at level 3 and above | Improves on previous year's result | Improves on previous year's result | Baseline year |

**Pacific learners – Trend information**

| Measure | Group | 2019 Actual data result Percentage increase | 2019 Actual data result Parity gap | 2018 Actual data result Percentage increase | 2018 Actual data result Parity gap |
|---|---|---|---|---|---|
| Percentage increase in first-time (Note 1) domestic learners (including industry training) at level 3 and above | Pacific (Note 2) | 23.36% (6,405 learners) | 26.3 percentage point | Baseline year (5,192 learners) | Baseline year |
| | Non-Māori and non-Pacific | -2.94% (33,538 learners) | | Baseline year (34,555 learners) | |

Note 1 – First-time learners as defined by current learner eligibility criteria for fees-free http//www.feefree.govt.nz/faq/.

Note 2 – The 2019 number of learners includes 1,469 learners who identified as both Māori and Pasifika. The 2018 number of learners includes 768 learners who identified as both Māori and Pasifika.

Wāhanga ono: Tauākī pūtea
**Part six: Financial statements**

# Ā mātou tauākī pūtea

# Our financial statements explained

### COVID-19 increased our grants expenditure

Providing funding certainty in response to COVID-19 meant bringing forward $1.1 billion of grant funding from next year – from 2020/21 to 2019/20.

In March 2020 it became clear COVID-19 would have a big effect on the New Zealand education sector. In response, the Minister of Education announced in late March 2020 that we would continue to fund tertiary education organisations at the levels set out in their investment plans for on-plan funds, irrespective of any potential reduction in student numbers. We confirmed this in a letter to all tertiary education organisations on 31 March 2020.

This decision was designed to give certainty to education providers, but it has caused a big change in our financial statements. We have unconditionally guaranteed tertiary education organisations funding for the entire 2020 calendar year and must therefore recognise the full 2020 calendar year funding expense at 30 June 2020.

The change is only to acknowledge our future obligations. The schedule of cash payments remains the same. It has increased our grants expense by $1.1 billion, with a matching revenue increase. The future obligation has increased our grants payable by $1.1 billion, with a matching increase in receivables from the Crown.

### The Reform of Vocational Education increased our operating expenditure

We received $6 million of extra funding for the Reform of Vocational Education project during the year that was not included in our original budget.

The Reform of Vocational Education is a once in a generation integration of vocational education and training that will transform institutes of technology and polytechnics.

We spent this $6 million in full, so both revenue and expenses were $6 million more than we had budgeted.

### Our expenditure explained

We have two types of expenditure:

› Grants: in a normal year, we invest just over $3 billion into tertiary education organisations. We receive this funding from the Crown through the Ministry of Education. COVID-19 caused big changes in our grants expenditure this year.

› Operating: we also receive a much smaller amount to cover our operating expenses. Over 70% of our operating costs are staff, rent and overheads. These core costs do not fluctuate significantly from year to year. The remaining amount is spent on programmes such as the Reform of Vocational Education.

# Tauākī Pūrongo Whānui mō te Moui Whiwhi, Moui Utu Hoki

## Statement of Comprehensive Revenue and Expense

**For the year ended 30 June**

| | Notes | 2020 Actual $000 | 2020 Budget $000 | 2019 Actual $000 |
|---|---|---|---|---|
| **REVENUE** | | | | |
| **Grants revenue:** | | | | |
| Vote Education/Tertiary Education – Ministry of Education (MoE) (Note 1 below) | 1 | 4,420,737 | 3,309,253 | 3,054,222 |
| Prior year recoveries – net | | 1,242 | 2,700 | 6,140 |
| **Total grants revenue** | | **4,421,979** | **3,311,953** | **3,060,362** |
| **Operating revenue:** | | | | |
| Vote Tertiary Education – MoE | 1 | 69,918 | 63,049 | 69,090 |
| Contract – Migrant Futures | | 1,708 | 1,613 | 1,629 |
| Contract – Pre-purchased English Language Tuition | 1 | 608 | 550 | 703 |
| Other revenue | | 1,846 | 1,512 | 2,143 |
| **Total operating revenue** | | **74,080** | **66,724** | **73,565** |
| **Finance revenue:** | | | | |
| Interest – grants | 1 | 152 | 420 | 379 |
| Interest – operating | 1 | 991 | 1,299 | 1,560 |
| **Total finance revenue** | | **1,143** | **1,719** | **1,939** |
| **Total revenue** | | **4,497,202** | **3,380,396** | **3,135,866** |

Note 1 – In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. The accounting implications of this decision meant that $1,112 million of grants revenue and expenditure were recognised in 2019/20 instead of 2020/21.

Explanations of major variances against budget are provided in note 19.
The accompanying notes form part of these financial statements.

Tauākī Pūrongo Whānui mō te Moui Whiwhi, Moui Utu Hoki (haere tonu)

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

**For the year ended 30 June**

| | Notes | 2020 Actual $000 | 2020 Budget $000 | 2019 Actual $000 |
|---|---|---|---|---|
| **EXPENSE** | | | | |
| **Grants expense:** | | | | |
| Grants expense (Note 1 below) | | 4,422,486 | 3,326,253 | 3,049,457 |
| Bad and doubtful debts | 2 | (1,749) | 1,000 | 4,765 |
| **Total grants expense** | 2 | **4,420,737** | **3,327,253** | **3,054,222** |
| **Operating expense:** | | | | |
| Personnel costs | 5 | 49,154 | 43,563 | 46,071 |
| Amortisation | 8 | 4,841 | 4,733 | 3,817 |
| Depreciation | 9 | 1,200 | 1,210 | 1,273 |
| Other expenses | 6 | 22,365 | 22,544 | 26,378 |
| **Total operating expense** | | **77,560** | **72,050** | **77,539** |
| **Total expense** | | **4,498,297** | **3,399,303** | **3,131,761** |
| | | | | |
| **SURPLUS/(DEFICIT)** | | | | |
| Grants surplus/(deficit) | | 1,394 | (14,880) | 6,519 |
| Operating surplus/(deficit) | | (2,489) | (4,027) | (2,414) |
| **Total comprehensive revenue and expense** | | **(1,095)** | **(18,907)** | **4,105** |

Note 1 – In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. The accounting implications of this decision meant that $1,112 million of grants revenue and expenditure were recognised in 2019/20 instead of 2020/21.

Explanations of major variances against budget are provided in note 19.
The accompanying notes form part of these financial statements.

# Tauākī Āhuatanga Ahumoni

## Statement of Financial Position

**As at 30 June**

| | Notes | 2020 Actual $000 | 2020 Budget $000 | 2019 Actual $000 |
|---|---|---|---|---|
| **CURRENT ASSETS** | | | | |
| Receivables (Note 1 below) | 4,16 | 1,696,156 | 410,334 | 496,550 |
| Cash and cash equivalents | 7,16 | 92,655 | 59,354 | 63,384 |
| Prepayments | | 1,170 | 700 | 880 |
| **Total current assets** | | **1,789,981** | **470,388** | **560,814** |
| | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Intangible assets | 8 | 12,289 | 18,804 | 14,617 |
| Property, plant and equipment | 9 | 4,267 | 4,703 | 5,083 |
| **Total non-current assets** | | **16,556** | **23,507** | **19,700** |
| **Total assets** | | **1,806,537** | **493,895** | **580,514** |
| | | | | |
| **CURRENT LIABILITIES** | | | | |
| Payables (Note 1 below) | 3,16 | 1,606,239 | 348,769 | 399,938 |
| Pre-purchased English Language Tuition – fees in advance | 11 | 20,578 | 24,661 | 24,232 |
| Repayment of grants funding – MoE | 13 | 32,788 | 420 | 8,778 |
| Employee entitlements | 10 | 3,280 | 2,590 | 2,475 |
| GST payable | | 2,268 | (172) | 2,288 |
| Provision for lease | 12 | 150 | 139 | 145 |
| **Total current liabilities** | | **1,665,303** | **376,407** | **437,856** |

Note 1 – In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. The accounting implications of this decision meant that $1,112 million of grants revenue and expenditure were recognised in 2019/20 instead of 2020/21. This also impacted Receivables and Payables.

Explanations of major variances against budget are provided in note 19.
The accompanying notes form part of these financial statements.

Tauākī Āhuatanga Ahumoni (haere tonu)

## Statement of Financial Position (continued)

**As at 30 June**

| | Notes | 2020 Actual $000 | 2020 Budget $000 | 2019 Actual $000 |
|---|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | | |
| Provision for lease | 12 | 989 | 953 | 1,108 |
| Employee entitlements | 10 | 711 | 700 | 769 |
| **Total non-current liabilities** | | **1,700** | **1,653** | **1,877** |
| **Total liabilities** | | **1,667,003** | **378,060** | **439,733** |
| **Net assets** | | **139,534** | **115,835** | **140,781** |
| | | | | |
| **EQUITY** | | | | |
| General funds | 14 | 139,534 | 115,835 | 140,781 |
| **Total equity** | | **139,534** | **115,835** | **140,781** |

Explanations of major variances against budget are provided in note 19.

The accompanying notes form part of these financial statements.

Tauākī Panoni Wāriu

# Statement of Changes in Equity

**For the year ended 30 June**

| | Notes | 2020 Actual $000 | 2020 Budget $000 | 2019 Actual $000 |
|---|---|---|---|---|
| **EQUITY** | | | | |
| Balance at 1 July | | 140,781 | 135,162 | 137,055 |
| Total comprehensive revenue and expense for the year | | (1,095) | (18,907) | 4,105 |
| Repayment of grants interest – MoE | 13 | (152) | (420) | (379) |
| **Balance at 30 June** | 14 | **139,534** | **115,835** | **140,781** |

Explanations of major variances against budget are provided in note 19.
The accompanying notes form part of these financial statements.

# Tauākī Whiwhinga, Whakapaunga Moni

## Statement of Cash Flows

**For the year ended 30 June**

| | Notes | 2020 Actual $000 | 2020 Budget $000 | 2019 Actual $000 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| *Cash was provided from:* | | | | |
| Grants – MoE | | 3,259,807 | 3,321,165 | 3,089,389 |
| Grants – prior year recoveries | | 1,365 | 2,700 | 6,140 |
| Grants – Pre-purchased English Language Tuition | | 2,773 | (1,180) | 4,229 |
| Operating – MoE | | 69,659 | 63,049 | 69,090 |
| Operating – Pre-purchased English Language Tuition | | 276 | 432 | 422 |
| Operating – other | | 3,509 | 3,125 | 3,632 |
| | | 3,337,389 | 3,389,291 | 3,172,902 |
| *Cash was applied to:* | | | | |
| Grants payments | | (3,232,865) | (3,321,165) | (3,090,117) |
| Payments to employees | | (48,408) | (41,419) | (45,934) |
| Other operating payments | | (23,768) | (24,482) | (27,150) |
| GST – net | | 6,964 | (2,177) | (1,531) |
| | | (3,298,077) | (3,389,243) | (3,164,732) |
| **Net cash flows from operating activities** | | **39,312** | **48** | **8,170** |

Explanations of major variances against budget are provided in note 19.
The accompanying notes form part of these financial statements.

## Tauākī Whiwhinga, Whakapaunga Moni (haere tonu)

## Statement of Cash Flows (continued)

**For the year ended 30 June**

| | Notes | 2020 Actual $000 | 2020 Budget $000 | 2019 Actual $000 |
|---|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| *Cash was provided from:* | | | | |
| Interest – grants | | - | 420 | - |
| Interest – operating | | 1,020 | 1,299 | 1,572 |
| Sale of property, plant and equipment | | 16 | - | 59 |
| | | 1,036 | 1,719 | 1,631 |
| *Cash was applied to:* | | | | |
| Purchase of intangible assets | | (2,727) | (7,697) | (6,861) |
| Purchase of property, plant and equipment | | (546) | (1,041) | (108) |
| | | (3,273) | (8,738) | (6,969) |
| **Net cash flows from investing activities** | | **(2,237)** | **(7,019)** | **(5,338)** |
| | | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| *Cash was provided from:* | | | | |
| Repayment of grants funding – MoE | | (7,804) | (420) | (16,868) |
| **Net cash flows from financing activities** | | **(7,804)** | **(420)** | **(16,868)** |
| Net increase/(decrease) in cash and cash equivalents | | 29,271 | (7,391) | (14,036) |
| Cash and cash equivalents at 1 July | | 63,384 | 66,745 | 77,420 |
| **Cash and cash equivalents at 30 June** | 7 | **92,655** | **59,354** | **63,384** |

Explanations of major variances against budget are provided in note 19.
The accompanying notes form part of these financial statements.

# Tauākī Whiwhinga, Whakapaunga Moni (haere tonu)

## Statement of Cash Flows (continued)

For the year ended 30 June

| | Notes | 2020 Actual $000 | 2020 Budget $000 | 2019 Actual $000 |
|---|---|---|---|---|
| **Total comprehensive revenue and expense** | | **(1,095)** | **(18,907)** | **4,105** |
| **Add non-cash items** | | | | |
| Depreciation and amortisation | | 6,041 | 5,943 | 5,090 |
| Loss/(gain) on disposal of intangible assets and property, plant and equipment | | (7) | - | (59) |
| **Total non-cash items** | | **6,034** | **5,943** | **5,031** |
| **Deduct interest – operating classified as investing activities** | | **(1,020)** | **(1,719)** | **(1,572)** |
| **Deduct interest – grants classified within repayment of grants funding – MoE within financing activities** | | **-** | **-** | **(379)** |
| **Add/(less) operating movements in statement of financial position items** | | | | |
| (Increase)/decrease in receivables | | (1,199,606) | 11,912 | 46,705 |
| (Increase)/decrease in prepayments | | (290) | - | (222) |
| Increase/(decrease) in GST payable | | (20) | (2,177) | 943 |
| Increase/(decrease) in employee entitlements | | 747 | 323 | 145 |
| Increase/(decrease) in payables | | 1,206,669 | 6,110 | (43,366) |
| Increase/(decrease) in Pre-purchased English Language Tuition – fees in advance | | (3,654) | (1,298) | (3,093) |
| Increase/(decrease) in provision for lease | | (114) | (139) | (127) |
| Increase/(decrease) in repayment of grants funding – MoE | | 31,661 | - | - |
| **Total movements in statement of financial position items** | | **35,393** | **14,731** | **985** |
| **Net cash flows from operating activities** | | **39,312** | **48** | **8,170** |

Explanations of major variances against budget are provided in note 19.
The accompanying notes form part of these financial statements. The accompanying notes form part of these financial statements.

# He Pito Kōrero mō ngā Tauākī Ahumoni
# Notes to the financial statements

## 1. 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. We are based in New Zealand and our ultimate parent is the Government.

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

Our financial statements are for the year ended 30 June 2020 and were approved by our Board of Commissioners on 10 December 2020.

### Basis of preparation

**Statement of compliance**

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

The financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities (PBE) and they comply with Tier 1 PBE standards.

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

**Presentation currency and rounding**

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

**Standards issued and not yet effective but have been early adopted**

PBE International Financial Reporting Standard (IFRS) 9 Financial Instruments replaces PBE International Public Sector Accounting Standard (IPSAS) 29 Financial Instruments: Recognition and Measurement and is effective for financial years beginning on or after 1 January 2022, with earlier adoption permitted.

The financial statements of the Government early adopted PBE IFRS 9 for the 30 June 2019 financial year. As a result, we have adopted this standard early. There was no effect to our financial statements.

**Standards issued and not yet effective and not early adopted**

PBE IPSAS 41 Financial Instruments replaces PBE IFRS 9 Financial Instruments, which was issued as an interim standard, and is effective for financial years beginning on or after 1 January 2022, with earlier adoption permitted.

We do not intend to early adopt this standard.

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with earlier adoption permitted.

We do not intend to early adopt the amendment.

PBE Financial Reporting Standard (FRS) 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021, with earlier adoption permitted.

We do not intend to early adopt this standard.

## Summary of significant accounting policies

Significant accounting policies are included in the related notes.

Significant accounting policies that do not relate to a specific note are outlined below.

**Revenue**

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

***Revenue from Crown***

We are primarily funded from the Crown (through the Ministry of Education). This funding is restricted in its use for us meeting our performance measures as specified in the *Statement of Intent 2019/20 – 2022/23* and *Statement of Performance Expectations 2019/20*. 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 revenue – Pre-purchased English Language Tuition (PELT)***

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 the receipt of the fees, the fees are refunded to MBIE.

***Interest – grants***

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

**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.

**Budget figures**

The budget figures are derived from the *Statement of Performance Expectations 2019/20* as approved by the Board of Commissioners at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with these financial statements.

**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.

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 next financial year are:

› useful lives of intangible assets – refer to note 8

› useful lives of property, plant and equipment – refer to note 9

› estimates and assumptions around retirement and long service leave – refer to note 10.

**Critical judgements in applying accounting policies**

Management has exercised critical judgement in applying the leases classification accounting policy – refer to note 6.

**Comparative information**

When presentation or classification is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

## 2. Grants expense relating to tertiary education institutions

**Accounting policy**

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. When there are no conditions attached, grants expenditure is recognised as an expense in surplus or deficit when an unconditional obligation to provide funding arises. When there are conditions attached, the expense is recognised at the earlier of the condition being met or payment being made.

**Breakdown of grants expense**

We have provided Crown-owned tertiary education institutions with funding for the provision of education, training and other services. The transactions are within a normal supplier or client/recipient relationship on terms and conditions no more favourable than those it is reasonable to expect we would have dealing with other parties at arm's length in the same circumstances. The table on the following page details the amounts paid to each tertiary education institution.

| | Funding $000 | Accounting adjustment (Note 1) $000 | 2020 $000 | 2019 $000 |
|---|---|---|---|---|
| **UNIVERSITIES** | | | | |
| Auckland University of Technology | 209,055 | 85,478 | 294,533 | 193,331 |
| Lincoln University | 38,681 | 12,713 | 51,394 | 29,078 |
| Massey University | 225,470 | 68,693 | 294,163 | 231,334 |
| University of Auckland | 509,791 | 174,824 | 684,615 | 498,888 |
| University of Canterbury | 187,912 | 63,761 | 251,673 | 130,976 |
| University of Otago | 355,529 | 77,821 | 433,350 | 347,933 |
| University of Waikato | 104,123 | 38,139 | 142,262 | 102,027 |
| Victoria University of Wellington | 228,473 | 71,438 | 299,911 | 214,465 |
| | **1,859,034** | **592,867** | **2,451,901** | **1,748,032** |
| **WĀNANGA** | | | | |
| Te Wānanga o Aotearoa | 130,522 | 21,042 | 151,564 | 131,537 |
| Te Wānanga o Raukawa | 14,352 | 7,160 | 21,512 | 11,226 |
| Te Whare Wānanga o Awanuiārangi | 20,371 | 12,115 | 32,486 | 23,239 |
| | **165,245** | **40,317** | **205,562** | **166,002** |

| | Funding $000 | Accounting adjustment (Note 1) $000 | 2020 $000 | 2019 $000 |
|---|---|---|---|---|
| **POLYTECHNICS (1 July 2019 – 31 March 2020)** | | | | |
| Ara Institute of Canterbury | 50,952 | 49,780 | 100,732 | 40,546 |
| Eastern Institute of Technology | 32,182 | 33,937 | 66,119 | 43,217 |
| Manukau Institute of Technology | 39,761 | 40,245 | 80,006 | 56,283 |
| Nelson Marlborough Institute of Technology | 15,641 | 16,544 | 32,185 | 22,001 |
| Northland Polytechnic | 14,570 | 15,666 | 30,236 | 20,462 |
| Otago Polytechnic | 36,611 | 39,150 | 75,761 | 46,012 |
| Southern Institute of Technology | 29,504 | 31,595 | 61,099 | 38,944 |
| Tai Poutini Polytechnic | 1,397 | 2,317 | 3,714 | 3,879 |
| The Open Polytechnic of New Zealand | 33,905 | 29,761 | 63,666 | 37,913 |
| Toi Ohomai Institute of Technology | 32,685 | 34,160 | 66,845 | 49,681 |
| Unitec Institute of Technology | 40,632 | 40,976 | 81,608 | 61,049 |
| Universal College of Learning | 22,587 | 25,003 | 47,590 | 30,465 |
| Waikato Institute of Technology | 39,408 | 39,856 | 79,264 | 50,813 |
| Wellington Institute of Technology | 19,709 | 20,671 | 40,380 | 28,473 |
| Western Institute of Technology | 10,412 | 10,847 | 21,259 | 12,721 |
| Whitireia Community Polytechnic | 17,185 | 19,369 | 36,554 | 23,193 |
| | **437,141** | **449,877** | **887,018** | **565,652** |
| **Total tertiary education institutions grants** | **2,461,420** | **1,083,061** | **3,544,481** | **2,479,686** |

| | Funding $000 | Accounting adjustment (Note 1) $000 | 2020 $000 | 2019 $000 |
|---|---|---|---|---|
| **NEW ZEALAND INSTITUTE OF SKILLS AND TECHNOLOGY AND SUBSIDIARIES (NZIST) (1 April 2020 – 30 June 2020)** | | | | |
| New Zealand Institute of Skills and Technology (parent) | 8,147 | - | 8,147 | - |
| Ara Institute of Canterbury Limited | 17,056 | (16,508) | 548 | - |
| Eastern Institute of Technology Limited | 10,851 | (10,612) | 239 | - |
| Manukau Institute of Technology Limited | 13,961 | (14,069) | (108) | - |
| Nelson Marlborough Institute of Technology Limited | 5,741 | (5,537) | 204 | - |
| Northland Polytechnic Limited | 5,168 | (5,038) | 130 | - |
| Otago Polytechnic Limited | 11,177 | (11,163) | 14 | - |
| Southern Institute of Technology Limited | 10,549 | (8,994) | 1,555 | - |
| Tai Poutini Polytechnic Limited | 992 | (929) | 63 | - |
| The Open Polytechnic of New Zealand Limited | 11,709 | (11,696) | 13 | - |
| Toi Ohomai Institute of Technology Limited | 11,721 | (11,557) | 164 | - |
| Unitec New Zealand Limited | 13,870 | (13,810) | 60 | - |
| Universal College of Learning Limited | 8,075 | (8,019) | 56 | - |
| Waikato Institute of Technology Limited | 12,538 | (12,350) | 188 | - |
| Wellington Institute of Technology Limited | 6,679 | (6,554) | 125 | - |
| Western Institute of Technology at Taranaki Limited | 3,217 | (3,172) | 45 | - |
| Whitireia Community Polytechnic Limited | 5,692 | (5,666) | 26 | - |
| **Total NZIST grants** | **157,143** | **(145,674)** | **11,469** | **-** |
| Other tertiary education organisation grants | 596,432 | 270,104 | 866,536 | 569,771 |
| Bad debts written off and movement in provision for uncollectable debts (Note 2) | (1,749) | - | (1,749) | 4,765 |
| **Total grants expense** | **3,213,246** | **1,207,491** | **4,420,737** | **3,054,222** |

Note 1 – The accounting adjustment is the movement in our tertiary grants payable. Refer to financial note 3 for further details.

Note 2 – Our provision for doubtful debts reduced from $15,796,000 in 2019 to $13,785,000 in 2020 as per note 4. This is a $2,011,000 reduction ($1,749,000 exclusive of GST as per above).

# 3. Payables

**Accounting policy**

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

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

› Where we have committed to provide funding based on a multi-year contract, we recognise commitments for a further 12 months. 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 2020 our funding has only been confirmed up until 30 June 2021.

› Where we have committed to provide funding to tertiary education organisations to the end of the current calendar year, we recognise commitments up to then.

Exceptions are as follows:

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

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

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

**Breakdown of payables**

| | 2020 $000 | 2019 $000 |
|---|---|---|
| **GRANTS: NON-EXCHANGE TRANSACTIONS** | | |
| Tertiary grants payable (Note 1) | 1,579,483 | 371,992 |
| Accrued expenses | 23,085 | 22,716 |
| Creditors | 16 | 102 |
| **Total grants payables** | **1,602,584** | **394,810** |
| | | |
| **OPERATIONS: EXCHANGE TRANSACTIONS** | | |
| Accrued expenses | 3,533 | 4,321 |
| Creditors | 53 | 643 |
| Revenue received in advance | 69 | 164 |
| **Total operations payables** | **3,655** | **5,128** |
| **Total payables** | **1,606,239** | **399,938** |

Note 1 – In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. The accounting implications of this decision meant that $1,112 million of grants revenue and expenditure were recognised in 2019/20 instead of 2020/21. This also impacts Receivables and Payables.

## 4.   Receivables

**Accounting policy**

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).

As per note 3 we have a large tertiary grants payable. The 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 the MoE. It is funded from under-spends in the Tertiary Tuition and Training multi-category appropriation. This helps us manage cost pressures within and across financial years.

**Breakdown of receivables and further information**

|  | 2020 $000 | 2019 $000 |
|---|---|---|
| MoE tertiary grants receivable (non-exchange transaction) (Note 1) | 1,579,483 | 371,992 |
| MoE balance sheet mechanism receivable (non-exchange transaction) | 92,380 | 92,380 |
| Tertiary grants receivables (non-exchange transaction) | 37,339 | 25,665 |
| MoE other grants receivable (non-exchange transaction) | - | 21,733 |
| Other accounts receivable (exchange transaction) | 739 | 576 |
| Provision for uncollectability | (13,785) | (15,796) |
| **Total receivables** | **1,696,156** | **496,550** |

Note 1 – In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. The accounting implications of this decision meant that $1,112 million of grants revenue and expenditure were recognised in 2019/20 instead of 2020/21. This also impacts Receivables and Payables.

The ageing profile of receivables at year end is detailed below:

| As at 30 June 2020 | Gross $000 | Provision $000 | Net $000 |
|---|---|---|---|
| Not past due | 1,673,740 | - | 1,673,740 |
| Past due 1-30 days | 660 | (353) | 307 |
| Past due 31-60 days | 299 | - | 299 |
| Past due 61-90 days | 15,643 | (53) | 15,590 |
| Past due > 90 days | 19,599 | (13,379) | 6,220 |
| **Total** | **1,709,941** | **(13,785)** | **1,696,156** |

| As at 30 June 2019 | Gross $000 | Provision $000 | Net $000 |
|---|---|---|---|
| Not past due | 486,830 | - | 486,830 |
| Past due 1-30 days | 5,079 | (2,497) | 2,582 |
| Past due 31-60 days | 11,271 | (5,346) | 5,925 |
| Past due 61-90 days | - | - | - |
| Past due > 90 days | 9,166 | (7,953) | 1,213 |
| **Total** | **512,346** | **(15,796)** | **496,550** |

The provision for uncollectable debts has been calculated based on expected losses for the pool of receivables. Expected losses have been determined based on an analysis of losses in previous periods and a review of specific receivables.

Movement in the provision for uncollectability of receivables is as follows:

| | 2020 $000 | 2019 $000 |
|---|---|---|
| Balance at 1 July | 15,796 | 10,365 |
| Increase/(decrease) in provision (Note 1) | (2,011) | 5,480 |
| Receivables written off during the year | - | (49) |
| **Balance at 30 June** | **13,785** | **15,796** |

Note 1 – This is inclusive of Goods and Services Tax (GST). Bad and doubtful debts shown in the Statement of Comprehensive Revenue and Expense are exclusive of GST.

## 5.    Personnel costs

**Accounting policy**

*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.

**Breakdown of personnel costs and further information**

|  | 2020 $000 | 2019 $000 |
|---|---|---|
| Salaries | 36,205 | 29,444 |
| Contractors | 9,990 | 12,025 |
| Redundancy cost | 75 | 1,772 |
| Contributions to defined contribution plans | 1,040 | 831 |
| Additional provision for leave entitlements | 901 | 729 |
| Training and development | 246 | 223 |
| Other personnel expenses | 697 | 1,047 |
| **Total personnel costs** | **49,154** | **46,071** |

*Employee remuneration*

During the year the number of employees who received remuneration and other benefits in excess of $100,000 were:

|  | Number of employees 2020 | Number of employees 2019 |
|---|---|---|
| 560,001 to 570,000 | 1 | - |
| 530,001 to 540,000 | - | 1 |
| 320,001 to 330,000 | 1 | - |
| 310,001 to 320,000 | 1 | 1 |
| 280,001 to 290,000 | - | 2 |
| 270,001 to 280,000 | 1 | 1 |
| 260,001 to 270,000 | 1 | - |
| 210,001 to 220,000 | 2 | 4 |
| 200,001 to 210,000 | 2 | 1 |
| 180,001 to 190,000 | 3 | 1 |
| 170,001 to 180,000 | 8 | 5 |
| 160,001 to 170,000 | 8 | 6 |
| 150,001 to 160,000 | 8 | 4 |
| 140,001 to 150,000 | 18 | 14 |
| 130,001 to 140,000 | 15 | 13 |
| 120,001 to 130,000 | 22 | 16 |
| 110,001 to 120,000 | 25 | 16 |
| 100,001 to 110,000 | 25 | 33 |
| **Total employees** | **141** | **118** |

This year, two employees received redundancy payments totalling $74,958. This compares to last year's 54 employees who received redundancy payments totalling $1,771,914.

### Board of Commissioners' remuneration

The total value of remuneration paid or payable to each commissioner during the year was:

| | | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| **CURRENT COMMISSIONERS** | | | |
| Jenn Bestwick (Chair) (Note 1) | appointed December 2018 | 34,714 | 13,067 |
| Vivien Bridgwater | appointed December 2018 | 22,400 | 13,067 |
| Kirk Hope | appointed December 2019 | 13,067 | - |
| Dr Alastair MacCormick (Note 2) | appointed June 2017 | 29,862 | 22,400 |
| Nancy McConnell | appointed June 2019 | 22,400 | - |
| Wayne Ngata | appointed December 2019 | 13,067 | - |
| John Russell | appointed June 2019 | 22,400 | - |
| **PAST COMMISSIONERS** | | | |
| Nigel Gould (past Chair) (Note 3) | term ended January 2020 | 26,460 | 47,174 |
| Sir Christopher Mace | term ended November 2019 | 9,333 | 22,400 |
| John Morris | term ended June 2019 | - | 22,400 |
| Phil O'Reilly | term ended September 2019 | 5,600 | 22,400 |
| Susan Paterson | term ended December 2018 | - | 11,200 |
| Vanessa Stoddart | term ended December 2019 | 11,200 | 22,400 |
| **Total Commissioners' remuneration** | | **210,503** | **196,508** |

Note 1 – Jenn Bestwick was elevated to Deputy Chair in December 2019 before being elevated to Chair in February 2020. The amount paid to Jenn Bestwick also includes $1,814 for attendance at two Lincoln University Governance and Oversight Group meetings.

Note 2 – The amount paid to Dr Alastair MacCormick includes $7,462 related to attendance at ten Reform of Vocational Education Programme Board meetings.

Note 3 – Last year the amount paid to Nigel Gould included $1,814 related to attendance at one University of Canterbury Governance and Oversight Group meeting and one Lincoln University Governance and Oversight Group meeting.

There have been no payments made to committee members who are not commissioners.

We have not provided a deed of indemnity to any commissioner or employee.

We have directors' and officers' liability and professional indemnity insurance cover in respect of the liability or costs of commissioners and employees.

No commissioner received compensation or other benefits in relation to cessation.

# 6.   Other expenses

**Accounting policy**

*Capital charge*

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

*Operating leases*

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

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

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

**Critical judgements in applying accounting policies**

*Leases classification*

Determining whether a lease agreement is a finance lease or an operating lease requires judgement on 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.

**Breakdown of other expenses and further information**

| | Note | 2020 $000 | 2019 $000 |
|---|---|---|---|
| Consultants | | 3,460 | 6,339 |
| Managing third-party contracts | | 4,964 | 5,298 |
| Computer operations | | 4,050 | 3,936 |
| Property rental | | 2,279 | 2,186 |
| Capital charge | | 2,004 | 2,146 |
| Travel | | 637 | 1,881 |
| Legal fees | | 617 | 580 |
| Commissioners' remuneration | 5 | 211 | 197 |
| Audit fees for audit of financial statements | | 186 | 182 |
| Telephone, tolls and postage | | 137 | 173 |
| Performance-Based Research Fund panel members' fees | | 117 | 1,036 |
| Insurance | | 89 | 94 |
| Other fees paid to auditors – assurance services | | 44 | - |
| Other supplies and services | | 3,570 | 2,330 |
| **Total other expenses** | | **22,365** | **26,378** |

*Operating leases as lessee*

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are:

| | 2020 $000 | 2019 $000 |
|---|---|---|
| Not later than one year | 2,305 | 2,183 |
| Later than one year and not later than five years | 8,266 | 7,831 |
| Later than five years | 3,690 | 5,404 |
| **Total non-cancellable operating leases** | **14,261** | **15,418** |

Our main lease is for five floors of office space at 44 The Terrace, Wellington. The next renewal date is 1 July 2027, with a final expiry date of 30 June 2033. The figures above have been calculated to 1 July 2027 for this office.

We also have regional offices in Whangarei, Auckland, Hamilton and Christchurch, and two project offices in Wellington. Renewal dates have been used for these leases also.

# 7. Cash and cash equivalents

## Accounting policy

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.

## Breakdown of cash and cash equivalents

| | 2020 $000 | 2019 $000 |
|---|---|---|
| **OPERATIONS** | | |
| Cash at bank | 2,319 | 2,596 |
| Term deposits with maturities less than three months | 22,000 | 23,000 |
| **Total operations cash and cash equivalents** | **24,319** | **25,596** |
| | | |
| **GRANTS** | | |
| Cash at bank | 50,006 | 16,236 |
| Term deposits with maturities less than three months | - | - |
| **Total grants cash and cash equivalents** | **50,006** | **16,236** |
| | | |
| **PRE-PURCHASED ENGLISH LANGUAGE TUITION** | | |
| Cash at bank | 1,330 | 1,052 |
| Term deposits with maturities less than three months | 17,000 | 20,500 |
| Total Pre-purchased English Language Tuition cash and cash equivalents | 18,330 | 21,552 |
| **Total cash and cash equivalents** | **92,655** | **63,384** |

# 8. Intangible assets

## Accounting policy

### Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

Computer software is the major class of intangible assets. Its useful life is four years and its associated amortisation rate is 25% straight line. We have one specific software project with a useful life of seven years so its associated amortisation rate is 14% straight line.

### Impairment of intangible assets and property, plant and equipment

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

### Non-cash-generating assets

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

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

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and 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.

**Critical judgements in applying accounting policies**

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

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

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

› physical inspection of assets

› asset replacement programmes

› review of second-hand market prices for similar assets

› analysis of prior asset sales.

We have not made significant changes to past assumptions concerning useful lives and residual values.
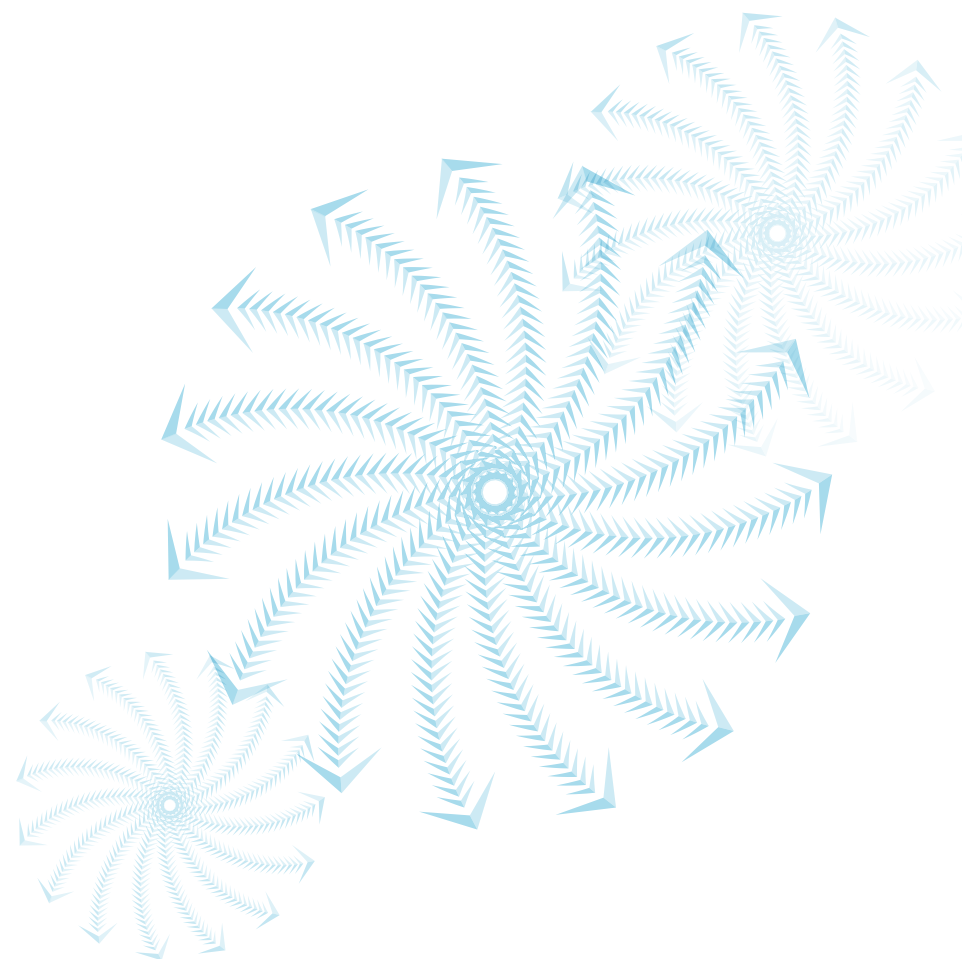
**Breakdown of intangible assets and further information**

Movements for each class of intangible assets are as follows:

**2020**

| | Acquired software $000 | Internally generated software $000 | Work in progress (acquired) $000 | Work in progress (internal) $000 | Total $000 |
|---|---|---|---|---|---|
| Balance at 1 July | 3,037 | 4,815 | 1,428 | 5,337 | 14,617 |
| Transfers from work in progress | 321 | 6,633 | (321) | (6,633) | - |
| Amortisation and impairments | (1,098) | (3,743) | - | - | (4,841) |
| Additions | - | - | 214 | 2,299 | 2,513 |
| Disposals | - | - | - | - | - |
| **Balance at 30 June** | **2,260** | **7,705** | **1,321** | **1,003** | **12,289** |
| Cost | 9,266 | 31,590 | 1,321 | 1,003 | 43,180 |
| Accumulated amortisation | (7,006) | (23,885) | - | - | (30,891) |
| **Balance at 30 June** | **2,260** | **7,705** | **1,321** | **1,003** | **12,289** |

**2019**

| | Acquired software $000 | Internally generated software $000 | Work in progress (acquired) $000 | Work in progress (internal) $000 | Total $000 |
|---|---|---|---|---|---|
| Balance at 1 July | 3,460 | 4,357 | 2,097 | 1,858 | 11,772 |
| Transfers from work in progress | 1,054 | 2,798 | (1,054) | (2,798) | - |
| Amortisation and impairments | (1,477) | (2,340) | - | - | (3,817) |
| Additions | - | - | 385 | 6,277 | 6,662 |
| Disposals | - | - | - | - | - |
| **Balance at 30 June** | **3,037** | **4,815** | **1,428** | **5,337** | **14,617** |
| Cost | 14,717 | 23,332 | 1,428 | 5,337 | 44,814 |
| Accumulated amortisation | (11,680) | (18,517) | - | - | (30,197) |
| **Balance at 30 June** | **3,037** | **4,815** | **1,428** | **5,337** | **14,617** |

The amount of contractual commitments for the acquisition of intangible assets is $1,090,000 (2019: $880,000).

There are no restrictions over the title of intangible assets nor are any intangible assets pledged as security for liabilities.

Work in progress costs comprise projects that are in progress, pending capitalisation.

Included in disposals is $4,147,511 of fully amortised assets. The majority of this software was commissioned before 2010. All software reached the end of its useful life and was no longer in use.

# 9.   Property, plant and equipment

**Accounting policy**

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

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

*Additions*

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

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

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

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

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

*Disposals*

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

*Depreciation*

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

| Class | Useful life | Depreciation rate |
| --- | --- | --- |
| Leasehold improvements | Life of lease | |
| Computer equipment | 4 years | 25% 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.

**Impairment of property, plant and equipment, and critical accounting estimates and assumptions**

Refer to the policy on intangible assets in note 8.

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**Breakdown of property, plant and equipment and further information**

Movements for each class of property, plant and equipment are as follows:

**2020**

| | Leasehold improvements $000 | Computer equipment $000 | Office equipment $000 | Furniture and fittings $000 | Motor vehicles $000 | Work in progress $000 | Total $000 |
|---|---|---|---|---|---|---|---|
| Balance at 1 July | 3,066 | 1,322 | 41 | 502 | - | 152 | 5,083 |
| Transfers from work in progress | 168 | 297 | - | 80 | - | (545) | - |
| Depreciation and impairments | (399) | (677) | (28) | (96) | - | - | (1,200) |
| Additions | - | - | - | - | - | 394 | 394 |
| Disposals | - | (10) | - | - | - | - | (10) |
| **Balance at 30 June** | **2,835** | **932** | **13** | **486** | **-** | **1** | **4,267** |
| | | | | | | | |
| Cost | 4,390 | 4,098 | 201 | 942 | 43 | 1 | 9,675 |
| Accumulated depreciation | (1,555) | (3,166) | (188) | (456) | (43) | - | (5,408) |
| **Balance at 30 June** | **2,835** | **932** | **13** | **486** | **-** | **1** | **4,267** |

**2019**

| | Leasehold improvements $000 | Computer equipment $000 | Office equipment $000 | Furniture and fittings $000 | Motor vehicles $000 | Work in progress $000 | Total $000 |
|---|---|---|---|---|---|---|---|
| Balance at 1 July | 3,447 | 1,877 | 68 | 573 | 24 | 109 | 6,098 |
| Transfers from work in progress | - | 218 | - | - | - | (218) | - |
| Depreciation and impairments | (381) | (770) | (27) | (71) | (24) | - | (1,273) |
| Additions | - | - | - | - | - | 261 | 261 |
| Disposals | - | (3) | - | - | - | - | (3) |
| Balance at 30 June | **3,066** | **1,322** | **41** | **502** | **-** | **152** | **5,083** |
| | | | | | | | |
| Cost | 4,223 | 5,075 | 201 | 893 | 132 | 152 | 10,676 |
| Accumulated depreciation | (1,157) | (3,753) | (160) | (391) | (132) | - | (5,593) |
| **Balance at 30 June** | **3,066** | **1,322** | **41** | **502** | **-** | **152** | **5,083** |

There are no contractual commitments for the acquisition of property, plant and equipment (2019: $nil).

There are no restrictions over the title of property, plant and equipment nor are any property, plant and equipment pledged as security for liabilities.

Work in progress costs comprise projects that are in progress, pending capitalisation.

Included in disposal is $1,385,131 of fully depreciated assets. The majority of this was computer equipment that had reached the end of its useful life and was no longer in use.

# 10.  Employee entitlements

**Accounting policy**

*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.

**Critical accounting estimates and assumptions**

*Measuring retirement and long service leave obligations*

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

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

**Breakdown of employee entitlements and further information**

| | 2020 $000 | 2019 $000 |
|---|---|---|
| **CURRENT PORTION** | | |
| Annual leave | 2,230 | 1,868 |
| Salaries and wages | 762 | 337 |
| Retirement and long service leave | 85 | 135 |
| Severance provision | 177 | 113 |
| Sick leave | 26 | 22 |
| **Total current portion** | **3,280** | **2,475** |
| **NON-CURRENT PORTION** | | |
| Retirement and long service leave | 548 | 506 |
| Severance provision | 45 | 160 |
| Sick leave | 118 | 103 |
| **Total non-current portion** | **711** | **769** |
| **Total employee entitlements** | **3,991** | **3,244** |

*Sensitivity analysis*

The table below shows the impact on the valuation of varying the assumed salary escalation rate and assumed resignation rates, leaving all other assumptions unaltered:

| | Long service leave $000 | Retiring leave $000 | Total $000 |
|---|---|---|---|
| No change | 617 | 16 | 633 |
| Salary growth: 1% per year | 567 | 13 | 580 |
| Salary growth: 3% per year | 675 | 19 | 694 |
| Resignation rates: 150% of assumed | 584 | 15 | 599 |
| Resignation rates: 50% of assumed | 657 | 17 | 674 |
| Discount rates: 0.05% increase | 615 | 16 | 631 |
| Discount rates: 0.05% decrease | 620 | 16 | 636 |

## 11. Pre-purchased English Language Tuition – fees in advance

**Accounting policy**

Refer to the policy on Contract revenue – Pre-purchased English Language Tuition in note 1.

**Breakdown of Pre-purchased English Language Tuition**

| | 2020 $000 | 2019 $000 |
|---|---|---|
| Balance at 1 July | 24,232 | 27,325 |
| Fees received from migrants | 3,039 | 4,660 |
| Fees paid to providers | (3,359) | (3,491) |
| Refund of unused fees to Ministry of Business, Innovation and Employment | (2,726) | (3,559) |
| Contract expense – administration | (608) | (703) |
| **Balance at 30 June** | **20,578** | **24,232** |

## 12.  Provision for lease

### Accounting policy

A provision 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.

### Breakdown of provision for lease and other further information

|  | 2020<br>$000 | 2019<br>$000 |
|---|---:|---:|
| **CURRENT PORTION** | | |
| Onerous contracts | - | - |
| Lease incentive | 150 | 145 |
| **Total current portion** | **150** | **145** |
| | | |
| **NON-CURRENT PORTION** | | |
| Lease make good | 120 | 120 |
| Lease incentive | 869 | 988 |
| **Total non-current portion** | **989** | **1,108** |
| **Total provision for lease** | **1,139** | **1,253** |

| | Lease<br>make-good<br>$000 | Onerous<br>lease<br>$000 | Lease<br>incentive<br>$000 | Total<br>$000 |
|---|---:|---:|---:|---:|
| Balance at 1 July 2018 | 120 | 10 | 1,250 | 1,380 |
| Additional provisions made | - | - | 22 | 22 |
| Amounts used | - | (10) | (139) | (149) |
| Unused amounts reversed | - | - | - | - |
| **Balance at 30 June/1 July 2019** | **120** | **-** | **1,133** | **1,253** |
| | | | | |
| Additional provisions made | - | - | 34 | 34 |
| Amounts used | - | - | (148) | (148) |
| Unused amounts reversed | - | - | - | - |
| **Balance at 30 June 2020** | **120** | **-** | **1,019** | **1,139** |

We lease five floors at 44 The Terrace, Wellington. At the expiry of the lease term we are required to make good any damage caused and remove any installed fixtures and fittings. The cost is based on the market value of replacement items as specified in the lease agreements. We estimate this to be $120,000.

When we entered into the lease agreement for four floors effective from 1 July 2015, we received a lease incentive of $1,347,000 equal to one year's rent. We then entered into a lease for a further floor on 1 July 2017 and received a further lease incentive of $266,000 equal to one year's rent.

We also have received a lease incentive of $22,000 for one of our Wellington project offices in March 2019 and a $34,000 incentive for our Auckland office in November 2019.

## 13. Repayment of grants funding – Ministry of Education

**Accounting policy**

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 Ministry of Education. We also voluntarily return interest earned on grants funds.

**Break down of repayment of grants funding – Ministry of Education**

|  | 2020 $000 | 2019 $000 |
|---|---|---|
| Balance at 1 July | 8,778 | 25,647 |
| Repayments of opening balance | (8,778) | (25,647) |
| Prior year recoveries | 823 | 22,429 |
| Interim repayment made | - | (14,030) |
| Excess funding drawn | 31,813 | - |
| Interest | 152 | 379 |
| **Balance at 30 June** | **32,788** | **8,778** |

## 14. Equity

**Accounting policy**

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 have complied with the financial management and accountability requirements of the Crown Entities Act 2004 during the year.

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.

**Breakdown of equity**

|  | 2020 $000 | 2019 $000 |
|---|---|---|
| **GRANTS EQUITY** |  |  |
| Balance at 1 July | 106,497 | 100,357 |
| Surplus/(deficit) for the year | 1,394 | 6,519 |
| Repayment of grants interest – MoE | (152) | (379) |
| **Balance at 30 June** | **107,739** | **106,497** |
| **OPERATIONS EQUITY** |  |  |
| Balance at 1 July | 34,284 | 36,698 |
| Surplus/(deficit) for the year | (2,489) | (2,414) |
| **Balance at 30 June** | **31,795** | **34,284** |
| **Total equity** | **139,534** | **140,781** |

## 15. Related party transactions

We are controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are:

› within a normal supplier or client/recipient relationship

› on terms and conditions no more or less favourable than those it is reasonable to expect we would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions, consistent with the normal operating arrangements between government agencies.

We have no related party transactions to disclose.

| | 2020 $000 | 2019 $000 |
|---|---|---|
| **COMMISSIONERS** | | |
| Remuneration | 211 | 197 |
| Full-time equivalent members | 1.0 | 1.0 |
| **LEADERSHIP TEAM** | | |
| Remuneration | 2,348 | 2,031 |
| Full-time equivalent members | 6.8 | 6.2 |
| **Total key management personnel remuneration** | **2,559** | **2,228** |
| **Total full-time equivalent personnel** | **7.8** | **7.2** |

The full-time equivalent for commissioners has been determined based on the frequency and length of Board of Commissioner meetings and the estimated time for commissioners to prepare for meetings.

An analysis of Board of Commissioners' remuneration is provided in note 5.

Key management personnel include commissioners, the chief executive and deputy chief executives.

## 16. Financial instruments

**Financial instrument categories**

We are party to financial instrument arrangements as part of our normal operations. The categories of financial assets and liabilities are as follows:

| | 2020 $000 | 2019 $000 |
|---|---|---|
| **LOANS AND RECEIVABLES** | | |
| Cash and cash equivalents | 92,655 | 63,384 |
| Receivables | 1,696,156 | 496,550 |
| **Total current portion** | **1,788,811** | **559,934** |
| **FINANCIAL LIABILITIES MEASURED AT AMORTISED COST** | | |
| Payables | 1,606,239 | 399,938 |
| **Total non-current portion** | **1,606,239** | **399,938** |

**Financial instrument risks**

*Market risk – interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. There were no interest rate options or interest rate swap options in place as at 30 June 2020. Our bank deposits are on call and on term deposits with less than or equal to three-month maturities.

### Market risk – currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate owing to changes in foreign exchange rates. We had no exposure to currency risk.

### Credit risk

Credit risk is the risk that a third party will default on its obligation to us causing us to incur a loss. We had minimal credit risk in our holdings of various financial instruments. These instruments included bank deposits, term deposits and accounts receivable. There was no significant concentration of credit risk.

### Liquidity risk

Liquidity risk is the risk that we will encounter difficulty raising liquid funds to meet commitments as they fall due. We had no exposure to liquidity risk.

### Contractual maturity analysis of financial liabilities

Our financial liabilities consist of payables. The carrying amount equals the contractual cash flows. All amounts mature in less than three months.

## 17. Contingencies

### Contingent liabilities

There are no contingent liabilities for the current year (2019: nil).

### Contingent assets

We have a contingent asset that arises from the likelihood of realising recoveries from some tertiary education organisations. The amount relates to grants expenses and is likely to be returned to the Crown if realised. The investigations are progressing but there is no certainty on the amounts that may be recovered. This has not changed from 2019.

## 18. Events after balance date

There were no significant events after the balance date.
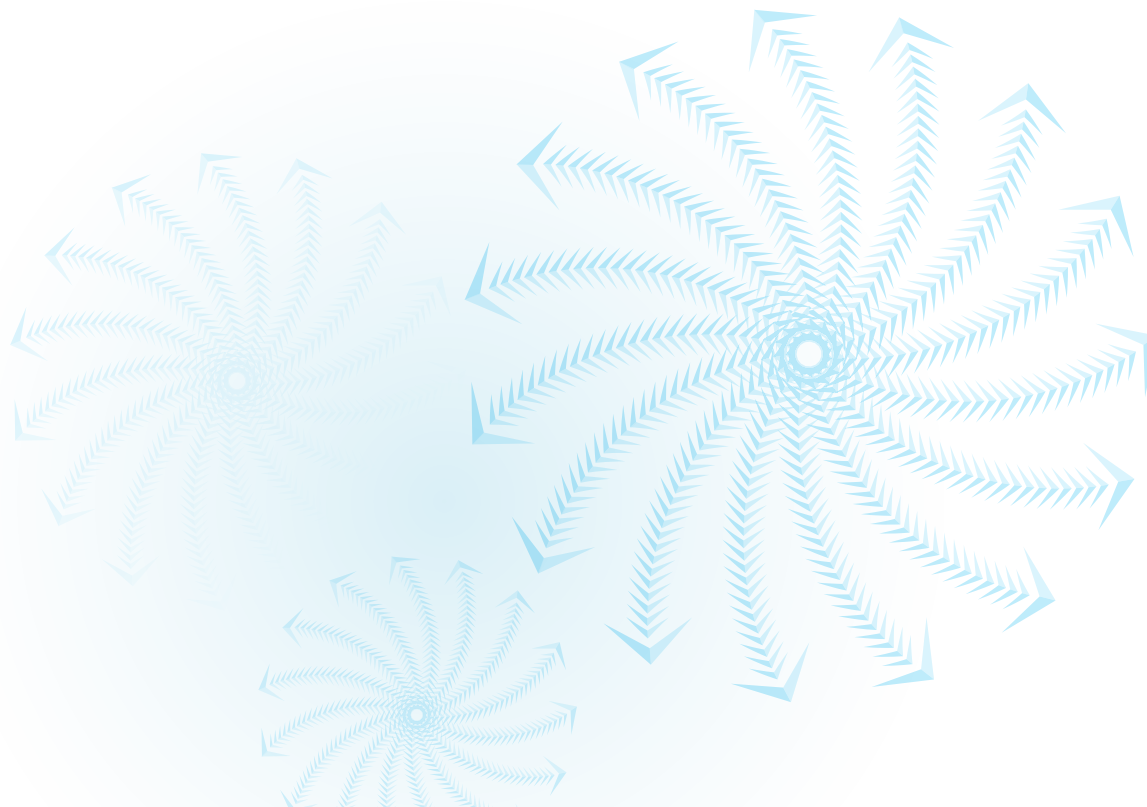
## 19. Explanations of major variances against budget

Explanations for major variances from our budgeted figures in the *Statement of Performance Expectations 2019/20* are as follows:

**Statement of Comprehensive Revenue and Expense**

*Grants revenue*

Grants revenue was $1,110 million above budget. In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. The accounting implications of this decision meant that $1,112 million of grants revenue and expenditure were recognised in 2019/20 instead of 2020/21.

*Operating revenue*

Operating revenue was $7 million above budget. We received $6 million of additional funding from the Crown (through the Ministry of Education) to fund our Review of Vocational Education (RoVE) operational costs.

*Grants expense*

Grants expense was $1,093 million above budget. Refer to the above explanation for grants revenue.

*Operating expense*

Operating expense was $6 million above budget. Refer to the above explanation for operational revenue. Removing the effect of RoVE, expenses were under budget largely owing to COVID-19 resulting in vacancies and delayed or cancelled activity.

**Statement of Financial Position**

*Receivables*

Receivables were $1,285 million above budget. This was largely owing to an increase in our Ministry of Education tertiary grants receivable. Refer to the above explanation for grants revenue.

*Cash and cash equivalents*

Cash and cash equivalents were $33 million above budget. This was a combination of both grants ($27 million) and operating ($10 million). For grants, we paid out less than planned during June so we ended the month with higher cash on hand. For operating, removing the effect of RoVE, expenses were under budget largely owing to COVID-19 resulting in vacancies and delayed or cancelled activity. Our capital spend was also below budget which contributed to our higher cash.

*Intangible assets*

Intangible assets were $7 million below budget. We originally budgeted to spend $8 million on capital but spent just under $3 million. We also reclassified some of our capital spend as operating expenditure during the year.

*Payables*

Payables were $1,257 million above budget. This was largely owing to an increase in our tertiary grants payable. Refer to the above explanation for grants expense.

*Repayment of grants funding – Ministry of Education*

Repayment of grants funding was $32 million above budget. There were a number of large new initiatives in June and there was uncertainty of when they would be paid. Additional funding drawn in June was not required during the month.

# 20. The effects of COVID-19 on the TEC

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. The country was in lockdown at Alert Level 4 from 26 March to 27 April, and then remained in lockdown at Alert Level 3 until 13 May.

The requirement to physically self-isolate during the COVID-19 lockdown meant that every TEC office had to close. Remote working for all staff was the only option available to ensure the continuity of our core functions. All TEC staff were able to work remotely during Alert Levels 4 and 3. From Alert Level 2, TEC offices re-opened allowing staff the flexibility to work both in the office and at home.

The effect on our operations at the time of writing is reflected in these financial statements. It is difficult to determine however, the full ongoing effect of COVID-19 and therefore some uncertainties remain. There could also be other matters of which we are not yet aware that affect the TEC in the future.

We have also disclosed in the financial statements our significant assumptions and judgements regarding the future potential impacts that may have a material impact on the TEC.

The main impacts on the TEC's financial statements due to COVID-19 are explained below.

**Revenue from Crown and Grants expense**

Refer to page 118.

**Personnel costs and operating expenses**

Our operating expenditure was $1 million lower owing to COVID-19. Travel was significantly down during the COVID-19 lockdown from March onwards. We also had workforce savings from staff vacancies and lower facilities costs such as kitchen supplies and printing costs.

Wāhanga whitu: Ngā tāpiringa
**Part seven: Appendices**

# Āpitihanga A: Ko ā mātou herenga hei kaiwhakawhiwhi mahi pai

# Appendix A: Our good employer requirements

## Leadership, accountability and culture

We ran our employee experience survey (He waka eke noa) in September 2019. Themes from the survey have been incorporated into a programme of work called 'A Thriving TEC'. The survey identified key themes around leadership, purpose and vision, performance management and project management. We have made progress in each of these areas:

› Leadership – a new leadership meeting structure has been designed so there is a specific focus on strategic, operational and people topics.

› Purpose and vision – has since been approved by the Board and launched to the organisation.

› Performance Management and Remuneration system review – includes feedback from staff, a literature review and organisational case studies are informing future changes to the system.

› Project management – our Enterprise Portfolio Management Office has been active in promoting knowledge and resources.

Since the launch of our purpose and vision, work has begun on identifying our values and behaviours.

## Recruitment, induction and selection

Kia Rite, our restructure, led to the recruitment of over 100 positions in 2019. An internal audit identified areas for improvement. At the present time we use a basic recruitment tracking tool for all our recruitment activities. We are exploring accessing recruitment technology to support hiring managers as we have grown in size as an organisation.

We continue to capture, at the point of entry to the organisation, data on whether a person identifies as living with the effects of an illness and/or disability. Staff requirements are handled on an individual basis, from this and resulting from new issues and workplace assessments. This data is also captured in our employee experience survey.

Our induction process and communications have been improved to ensure new staff are getting simple, clear, and timely information and support when they begin work at the TEC. This includes updating health and safety and privacy information that is specific to the organisation. Next we will review induction materials for managers and updating other aspects of all-staff induction.

## Employee development, promotion and exit

We updated our Employee Development policy and launched support for language learning. The aim is to promote te reo and tikanga Māori and encourage people to learn a language. Te reo Māori classes continue to be popular.

With new initiatives such as Data 2020, and the Reform of Vocational Education, staff have had the opportunity to be seconded or promoted to support these projects, including opportunities from Kia Rite, our restructure.

Staff work with their managers on their development plan, looking at both formal learning and on-the-job opportunities to grow experience and capability.

Data and commentary is provided to a monthly Organisational Performance Management meeting on the percentage and numbers of staff leaving the organisation. Staff are offered exit questionnaires and interviews so we can understand and learn from their experiences.

### Flexibility and work design

COVID-19 and the resulting lockdown has created the opportunity for us to review our ways of working. We surveyed our people during and post lockdown. During lockdown, 68 percent of people said they would like to work 2-4 days from home in the future, compared to 42 percent when asked during Alert Level 1. People appreciate having the choice in balancing work and home and reducing commute times, as well as the benefit of being in the office among colleagues.

### Remuneration, recognition and conditions

We bargained for a new Collective Agreement (CA) in February 2020. The new CA now includes the progression matrix. Non-union members were offered a variation to their terms and conditions of employment during lockdown.

A review of our performance management system is underway. We are working in conjunction with the Public Service Association (PSA) to review our remuneration system. We continue to hold regular meetings with the PSA to discuss common issues. The PSA has representation on our Safety and Wellbeing committee, performance and remuneration review and gender pay working group.

### Harassment and bullying prevention

Our Harassment and Bullying Prevention policy has been reviewed, with staff and union input, and only minor changes made. Once the policy is approved by the Executive Leadership team this will be communicated to all staff.

### Safe and healthy environment

The Safety and Wellbeing Committee hold quarterly meetings and met more frequently during the COVID-19 response. A new *Health and Safety Working Remotely from Home* checklist was developed. This included a section on assessing wellbeing.

During the COVID-19 response there were frequent updates from the Chief Executive and Executive Leadership team on wellbeing, where to seek support, resources and tools, as well as raising the profile of domestic violence. We surveyed staff on wellbeing during and post-lockdown using Te Whare Tapa Whā model of health. The feedback was positive about the actions that had been taken, and there was some feedback to consider for future wellbeing support and activity.

The Board continues to receive monthly updates on safety and wellbeing, as well as KPIs on accident and incidents, lost time, sick leave and annual leave.

GOSH provides our online health and safety system. This provides a centralised reporting of accidents and incidents and follow up on corrective actions. Staff training can also be recorded here.

A Disability Action Plan is being produced. Once approved by the Executive Leadership team this will provide our direction for what we do internally and in the sector.

# Āpitihanga B: Ko te mana ārahi me te noho haepapa
# Appendix B: Governance and accountability

**Our Board**



**Jenn Bestwick**
Chair- from February 2020
Deputy Chair- from December 2019



**Dr Alastair MacCormick**



**Vivien Sutherland Bridgwater**



**John Russell**



**Nancy McConnell**



**Kirk Hope**
(from November 2019)



**Dr Wayne Ngata**
(from November 2019)



**Nigel Gould**
Chair
(term ended January 2020)



**Vanessa Stoddart**
(term ended November 2019)



**Phil O'Reilly**
(term ended September 2019)



**Sir Christopher Mace**
(term ended November 2019)

**Interim Audit, Risk and Compliance Committee members 2019/20**
Alastair MacCormick (Chair)
Jenn Bestwick – from 9 March 2020
Nancy McConnell – from 9 March
Jeremy Morley (Independent Consultant) – from 20 May 2020

**Audit, Risk and Compliance Committee members 2019/20**
Alastair MacCormick (Chair)
Phil O'Reilly – term ended 17 September 2019

**Interim Remuneration Committee members 2019/20**
Vivien Sutherland Bridgwater (Chair) – from 9 March 2020
Jenn Bestwick – from 9 March 2020
Kirk Hope – from 9 March 2020

**Remuneration Committee members 2019/20**
Nigel Gould – term ended 30 January 2020
Vanessa Stoddart – term ended 17 September 2019
Phil O'Reilly – term ended 17 September 2020

Āpitihanga C: Kuputaka
# Appendix C: Glossary

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| Adult and Community Education | ACE | Community-based education that provides adults with foundation skills and pathways into other learning opportunities that meet identified community needs and funded priorities. |
| Centres of Asia Pacific Excellence | CAPEs | Committed to enhancing New Zealand's economic engagement and cultural understanding with the Asia-Pacific region, and building New Zealanders' understanding and ability to engage. |
| Centres of Research Excellence | CoREs | Inter-institutional research networks with researchers working together on a commonly agreed work programme; each hosted by a university and generally comprising a number of partner organisations, including other universities, Crown Research Institutes and wānanga. |
| Centres of Vocational Excellence | CoVEs | Provide a focus for driving innovation and excellence in vocational education by strengthening links with industry and communities. |
| Education Performance Indicators | EPIs | One set of measures used to assess the performance of tertiary education organisations and to make future investment decisions. They are designed to help tertiary education organisations manage and monitor their own performance and to deliver on their agreed tertiary education services. |
| Equivalent full-time students | EFTS | The main unit of measurement of the consumption of education (with one student enrolled in a programme of study full time for the full year equating to 1.0 EFTS); also the basic unit of measurement of tertiary teaching input for Student Achievement Component funding. |
| Industry training organisations | ITOs | Industry-specific bodies recognised under section 5 or 8(1) of the Industry Training and Apprenticeships Act 1992 that facilitate workplace learning for trainees in employment by setting national skills standards for their industry. |
| Institutes of technology and polytechnics | ITPs | Deliver technical vocational and professional education up to degree and postgraduate levels. |
| National Education and Learning Priorities | NELP | Sets high level priorities to guide planning for early learning services, kura and schools, and assist in making progress towards the objectives for the education of our children and young people that are set out in the Education Act. |

| New Zealand Institute of Skills and Technology | NZIST | The NZIST brings together the 16 ITPs into one organisation, and over time, will develop the capability to support work-based, campus based and online learning as a unified system. It will become a long-term skills training partner for firms and industries. |
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| Performance Based Research Fund | PBRF | A fund established to ensure that excellent research in the tertiary education sector is funded and rewarded. The PBRF is accessed by universities, institutes of technology and polytechnics, wānanga and private training establishments. |
| Private training establishments | PTEs | Provides tertiary education or vocational training. PTEs are separate to institutions (i.e. polytechnic, university, wānanga), and are covered by and must comply with sections 232D-236 of the Education Act 1989 and the Private Training Establishment Registration Rules 2018. |
| Reform of Vocational Education | RoVE | Government initiative to create a unified and cohesive vocational education and training system and help New Zealanders prepare for the future of work. |
| Regional Skills Leadership Groups | RSLGs | A key change within the RoVE programme of work. RSLGs will provide advice about the skills needs of regions, to the TEC, WDCs and local vocational education providers. They will better manage the changing skills and workforce needs in our regions and cities, and support the recovery of labour markets. |
| Student Achievement Component | SAC | The Government's contribution to the direct costs of teaching and learning and other costs driven by learner numbers; the largest single government fund that supports tertiary education. |
| Tertiary education institutions | TEIs | Providers of tertiary education that are Crown entities under section 162 of the Education Act 1989; namely universities, institutes of technology and polytechnics and formally established wānanga. |
| Tertiary education organisations | TEOs | The overarching term for all public, private or community-based organisations that offer tertiary education or tertiary-related services. |
| Tertiary Education Strategy | TES | Sets out the Government's long-term strategic direction for tertiary education. |
| Unified Funding System | UFS | A project within the Reform of Vocational Education aimed at creating a single unified funding system that is simple, relevant and responsive to learners and employers. The UFS will cover all provider-based and work-integrated education at levels 3-7 (excluding degree study) and all industry training. |