

**Tertiary  
Education  
Commission**  
Te Amorangi  
Mātauranga Matua



# Tauākī Whāinga Mahi Statement of Performance Expectations

2020/21

## **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

## **Our purpose**

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

## **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 vision**

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

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

**Ka Hikitia: Māori Enjoy and  
Achieve Education Success, as  
Māori, in the Tertiary Education  
and Careers Systems**

Ko Te Amorangi Mātauranga  
Matua me Te Tiriti o Waitangi

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

1. The Tertiary Education Commission 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, hapu, 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.

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# Ko ngā pāpātanga o te Urutā Korona, arā, ko COVID-19

## The impact of COVID-19

The extent of the impact of COVID-19 is unknown at present. It could mean that some of the non-financial measures set out are no longer relevant, unable to be met or measured, or that new measures are required.

The financial information as set out in this document was developed during COVID-19. It includes the results of the Government's COVID-19: Response and Recovery Fund Foundation Package. Given the high level of uncertainty, actual results may differ significantly.

Any variances will be explained through our existing reporting mechanisms. However, if the variance of the change is significant, the final Statement of Performance Expectations may be amended and this may happen at any time, as set out in Section 149 K of the Crown Entities Act 2004.

### Careers response to COVID-19

Over the coming months we expect a lot of changes in the New Zealand job market that will impact many New Zealanders as a result of the pandemic. We have established a team to lead work in response to the needs of the labour market in the short term and the need to support the economic recovery in the longer term. The team has already been analysing and interpreting information from the impact on jobs, industry sectors, customer segments and regions.

These insights will inform the content and direction for us to develop immediate/short-term and medium/long-term responses as we continue to move through the alert levels and what we need to provide for learners in the aftermath of the pandemic.

More detail about our Careers response will be included in any amendments to this *Statement of Performance Expectations 2020/21*.

### We're helping jobseekers

We created a COVID-19 hub page with new content addressing the transferable skills in the retail, tourism and hospitality sectors that can underpin shifts to new jobs in other sectors as needed.

Job seekers have easy access to career planning information, updating their CVs with the CV Builder tool, steps on how to set up a LinkedIn profile and information on remote interviews.

Our careers.govt.nz website is an excellent tool, with key information on over 400 jobs, the training and qualifications required for these jobs, as well as tools to assist with job hunting.

The COVID-19 hub provides this essential career support information and tools in one place so job seekers can easily access it.

## Ka whakatakoto tēnei Tauākī Whāinga Mahi i ō tātou whāinga mahi mō te tau 2020/21

### **This Statement of Performance Expectations sets out our performance expectations for 2020/21**

It provides:

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

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

Kua whakatakotoria ā tātou āheinga ā-  
ture i roto i te Education Act 1989

### **Our statutory functions are set out in the Education Act 1989**

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

## Ngā whāinga matua o te Kāwanatanga mō Aotearoa

### Government priorities for New Zealand

The Government has adopted a set of priorities to drive cross-government work programmes. Clear emphasis has been placed on investing in education and training to ensure that all New Zealanders have the options they deserve and workers can adapt to future challenges and opportunities.

The three themes are:

1. A growing economy – this includes growing and sharing New Zealand’s prosperity more fairly through partnering with business to encourage innovation, productivity and building a skilled workforce.
2. Improve the wellbeing of New Zealanders and their families – this includes ensuring everyone who is able to, is earning, learning, caring or volunteering.
3. Building a better country that all New Zealanders can be proud of – this includes building closer partnerships with Māori and improving how the public sector responds to Māori issues.

Together, with our partner agencies in the tertiary education and careers systems, we play a key role in delivering on the Government’s priorities.

## 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.

We are stewards of the tertiary education and careers systems. We nurture and shape the system 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.

Each year we spend over \$2.5 billion investing in tertiary education and supporting the tertiary education and careers systems. Our investment in the tertiary education system supports more than 700 tertiary education organisations across New Zealand to provide all forms of post-secondary school education, including foundation education, vocational education and higher education, including research.

## Ko ō mātou whāinga rautaki

### Our strategic intentions

Our strategic intentions reflect our role in supporting and developing high quality and sustainable tertiary education, skill and training and careers systems that meet the needs of our learners, employers, society and economy. 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.

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





## Tō mātou kaupapa, tirohanga whakamua hoki

### Our purpose and vision

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

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

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

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

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

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

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

### We’re here for learners, communities and employers

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

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

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

We can’t get there alone. We rely on providers – the Tertiary Education and Industry Training Organisations – that we invest over \$3 billion into annually. We also work with partners across the public and private sectors to deliver information and services to our customers and providers. Our key partners include the Ministry of Education (MoE), Ministry of Business, Innovation and Employment (MBIE), Education New Zealand (ENZ) and the New Zealand Qualifications Authority (NZQA).

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

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

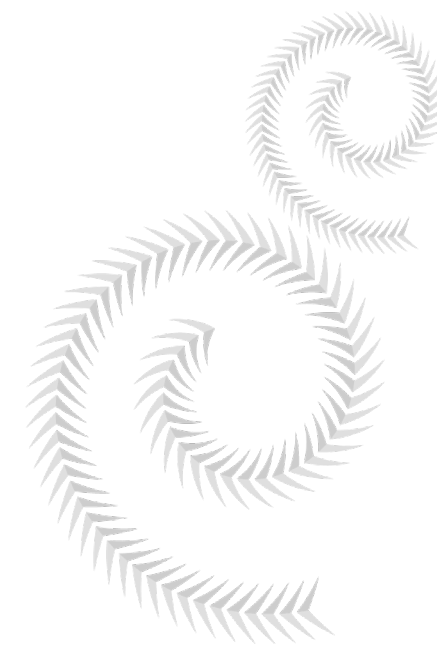
We want to ensure all New Zealanders have equal access to the lifelong benefits of tertiary education success to improve outcomes for individuals, their families, their communities and the country.

We are also seeking to improve system responsiveness to, and outcomes for, socio-economically disadvantaged learners and disabled learners.

A system-level shift in performance is required if Māori and Pacific learners are to participate and achieve at all levels of tertiary education on par with other learners.

To create a tertiary system that works for everyone, success will require each to play their part. Across our organisation we are working with learners/tauria, influencers, including communities, iwi, whānau and aiga, and tertiary education organisations to develop the information, tools, experiences and capability to enable learners to make good educational choices and for tertiary education organisations to undertake an intentional and holistic approach to learner success.

To support this work we are also embedding a focus on equity throughout all our work and functions to ensure that we have the cultural and educational capability, relationships and connections to support change throughout the system. A key component of this is growing our cultural intelligence – the ability to relate and work effectively in culturally diverse settings and supporting multi-lingualism across the organisation.



## Learner success framework



## Te Whakahoutanga o te Mātauranga Ahumahinga Reform of Vocational Education

The Reform of Vocational Education (RoVE), and its seven key changes, will create a strong, unified, sustainable vocational education system that is fit for the future of work and delivers the skills that learners, employers and communities need to thrive. The RoVE programme will oversee this. To date it has enabled and supported the development of a new Vocational Education Act and the establishment of the New Zealand Institute of Skills and Technology (NZIST).

Over the next few years it will lead and support the establishment of six Workforce Development Councils (WDCs), the transition of 140,000 apprentices and trainees to new providers, the creation of a unified funding system and the design and implementation of changes to how we and other government agencies, support and enable the unified vocational education system to function.

### Responding to COVID-19

The impact of COVID-19 has enabled some elements of RoVE to proceed faster than originally planned to support the economic recovery of New Zealand and New Zealanders. This response is 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. It largely focused on the acceleration of WDCs.

### Workforce Development Councils

WDCs will help industry take a lead in making New Zealand's workforce fit for today and the future. Through skills leadership plans, they will set a vision for the workforce and influence the vocational education and training system.

It is expected that all of the WDCs will be established by the end of the calendar year and fully functional by 30 June 2021. Further information on the WDCs appropriation can be found on page 31.

### Transitional Industry Training Organisations (TITOs)

The new NZIST and other providers will 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.

In response to COVID-19, we will be working with industry and TITOs on opportunities to transition support for workplace-based learning to the NZIST and other providers to support employers and learners.

### 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.

The first two pilot primary sector and construction CoVEs are expected to be selected and established from July 2020. Additional CoVEs will be established as funding allows, taking account of the lessons learned during the pilots.

## Unified Funding System

Work will continue on developing a unified funding system 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.

It is expected that the new funding system will be rolled out from 1 January 2023. In response to COVID-19, opportunities to implement some components earlier are being considered to support recovery.

## Working with Te Taumata Aronui

Engagement within the vocational education sector, across industry, and in other government departments will continue.

A particular focus will be working with Te Taumata Aronui to ensure the programme meets the needs of iwi and Māori.

## Alignment of transformation initiatives and work plans

Achieving the RoVE outcomes requires careful management and alignment of multiple transformation initiatives and work plans of several government agencies and the newly formed NZIST, as well as for teams to work collaboratively.

A number of cross-agency governance forums have been established. This includes a Programme Board, which is chaired by the Tertiary Education Commission's Chief Executive as the sponsor of the programme. The Design Authority has also been established to oversee the extensive work programme, which spans several years.

Throughout 2020/21 it is expected that the Programme will maintain an integrated, collaborative cross-agency approach, as well as support the NZIST work plan with a focus on shared outcomes.

With the formation of the NZIST, our business as usual previous monitoring arrangements with the institutes of technology and polytechnics will change. We will develop a monitoring framework in 2020 to reflect the new institutional arrangements and our collaborative relationship with the NZIST.

## Our operational readiness

To enable the new system to function, we (and other government agencies) will be required to change areas of our operations. The RoVE Programme has an oversight responsibility for all of these changes and will develop an integrated implementation plan for the success of all components of the reform.

It is expected that by September 2020 the development of an operational, system-wide blue-print will highlight changes and impacts on us and other agencies.

It is expected that an implementation and change capability will be developed to prepare and effectively manage the impacts and changes arising from RoVE. This will include a Tertiary Education Commission-specific implementation and change roadmap, and an ongoing impact statement, by October 2020.

One of the key operational changes will be to incorporate the advice from WDCs and Regional Skills Leadership Groups into our investment planning processes.

We will spend over  
**\$2.5 BILLION**  
**INVESTING**

in tertiary education and  
**SUPPORTING**  
the tertiary education and  
careers systems

This document sets out the Vote Tertiary Education and Vote Education appropriations that we are responsible for reporting against. It shows the amount we will spend through each appropriation in 2020/21 and the measures we will use to track progress towards achieving the intention of each appropriation. It also shows how each appropriation links to our four strategic goals.

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

**(R)** TEC is responsible for the result of this measure      **(C)** TEC contributes to the result of this measure

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



Increase



Decrease



Maintain or increase

.....  
These appropriations  
**support** the  
Tertiary Education  
and Careers Systems  
.....

**\$75.4**

— MILLION —

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

.....  
**\$8.5**

— MILLION —

**CAREERS  
SYSTEM  
ONLINE**

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

**\$1,968.9**

— MILLION —

# TERTIARY TUITION AND TRAINING

THIS INCLUDES:

COMMUNITY EDUCATION

TERTIARY EDUCATION:  
STUDENT ACHIEVEMENT  
COMPONENT

TRAINING FOR  
DESIGNATED GROUPS

FEE FREE

**\$321.0**

— MILLION —

TERTIARY EDUCATION  
**RESEARCH** AND  
RESEARCH-BASED  
TEACHING

**\$49.8**

— MILLION —

CENTRES OF RESEARCH  
EXCELLENCE

**\$46.4**

— MILLION —

TERTIARY SECTOR/INDUSTRY  
COLLABORATION PROJECTS

**\$42.0**

— MILLION —

WORKFORCE DEVELOPMENT  
COUNCILS

**\$39.0**

— MILLION —

ACCESS TO  
TERTIARY  
EDUCATION

**\$19.9**

— MILLION —

TERTIARY  
SCHOLARSHIPS  
AND AWARDS

**\$14.3**

— MILLION —

SECONDARY  
TERTIARY  
INTERFACE

**\$10.0**

— MILLION —

UNIVERSITY-LED  
INNOVATION



## Tauākī Whakamaunga Atu

# Statement of Responsibility

This *Statement of Performance Expectations 2020/21* is produced in accordance with the requirements of sections 149B to 149M of the Crown Entities Act 2004.

This *Statement of Performance Expectations 2020/21* has been prepared as required under the Crown Entities Act 2004. We take responsibility for the statement's content, including the assumptions used in preparing the forecast financial statements and the other required disclosures. We will not update these prospective financial statements following their publication.

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

We certify that the information contained in this *Statement of Performance Expectations 2020/21* is consistent with the appropriations contained in the *Estimates of Appropriations for the year ending 30 June 2020*. These were laid before the House of Representatives under section 9 of the Public Finance Act 1989.

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



**Jenn Bestwick**  
Chair  
Tertiary Education Commission

8 June 2020



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

8 June 2020





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

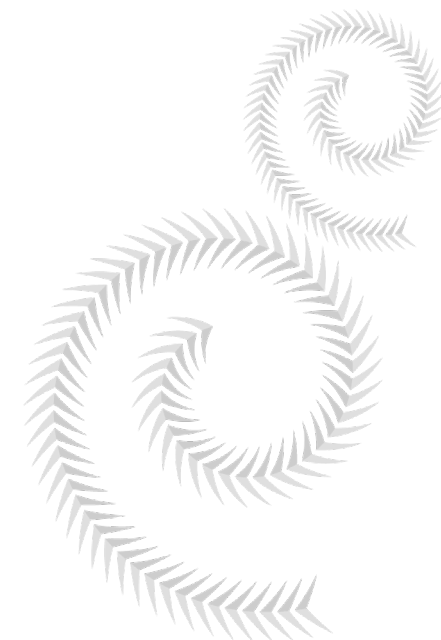
**We support the tertiary education and  
careers systems**

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

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

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

**The extent of the impact of COVID-19 is unknown at present. It could mean that some of the non-financial measures set out are no longer relevant, unable to be met or measured, or that new measures are required.**





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

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

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

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

This appropriation links to our strategic goals



Administration of and Support for the Tertiary Education and Careers systems	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue		
Tertiary Education Commission	69,659	75,258
Māori Education Trust (Ministry of Education administered)	109	109
Contract – Pre-purchased English Language Tuition	673	560
Contract – Migrant Futures	1,613	1,613
Interest	1,020	936
Other revenue	1,860	1,512
<b>Total revenue</b>	<b>74,934</b>	<b>79,988</b>
<b>Expenses</b>		
Tertiary Education Commission	76,695	84,855
Māori Education Trust (Ministry of Education administered)	109	109
<b>Total expenses</b>	<b>76,804</b>	<b>84,964</b>
<b>Surplus/(deficit)</b>	<b>(1,870)</b>	<b>(4,976)</b>

### How we will assess performance

**R** TEC is responsible for the result of these measures

Measure	2020/21 Target	2019/20 Estimated Actual	2018/19 Actual	Desired trend
Percentage of TEC-funded tertiary education organisations who agree that auditing processes were made transparent and information was accessible throughout the process	At least 82%	Data not available (Note 1)	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	At least 94%	Data not available (Note 2)	94%	
Percentage of tertiary education organisations who agree that our investment toolkit and plan guidance were very useful to prepare their investment plans	At least: <ul style="list-style-type: none"> <li>• Toolkit 34%</li> <li>• Plan guidance 36%</li> </ul>	Data not available (Note 1)	<ul style="list-style-type: none"> <li>• Toolkit 34%</li> <li>• Plan guidance 36%</li> </ul>	
Percentage of careers system stakeholders who agree that our online information and tools are useful	At least 78%	Data not available (Note 1)	78% (Note 3)	
Percentage of TEC-funded tertiary education organisations who agree that TEC information and engagement helps them to support Māori and Pacific students to succeed	At least 29%	Data not available (Note 1)	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	At least the same as 2019/20 Actual	Baseline year (Note 1)	Not applicable	
Percentage of payments the TEC makes to tertiary education organisations that are made within agreed timeframes	100%	99.85%	99.95%	
The overall satisfaction rating given by the Minister of Education on the Tertiary Education Commission (Note 4)	At least 7 out of 10	7	7	

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

Note 2 – 2018/19 data was not available as surveys of seminar participants did not commence until September 2019.

Note 3 – This result was incorrectly reported as 80% in our *Statement of Performance Expectations 2019/20* owing to a typographical error. 2018/19 was the baseline year and the actual 2018/19 result was 78%.

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

## Te Pūnaha ā-Tuihono mō Ngā Umanga Careers System Online

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

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



### How we will assess performance

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

Measure	2020/21 Target
The online careers planning tool for secondary schools is developed and ready for testing (Note 1).	Achieved

Note 1 – This the first tranche of the wider Careers System Online initiative.

## New appropriation

### Budget 2020 COVID-19 Response and Recovery Fund

**This initiative enables the development of a free, consistent, accessible, high quality tool for learners and workers to use throughout their lifetimes to plan and manage their careers.**

The online careers planning tool will support learners and workers throughout their lifetimes to plan and manage their careers.

The tool will provide targeted quality information and support for all New Zealanders. It will help New Zealanders to understand their transferrable skills, develop a personalised life-long career plan and will be particularly valuable for those who can't easily show a clear work history.

For secondary school students the tool will help them to gain line of sight to career opportunities and learning pathways needed, broadening their options to enable good decision-making.

Careers System Online	Forecast 2019/20 \$000	Budget 2020/21 \$000
Revenue		
Crown revenue	-	8,500
<b>Total revenue</b>	-	<b>8,500</b>
<b>Total expenses</b>	-	<b>8,500</b>
Surplus/(deficit)	-	-



Ka tuku haumi tātou ki te  
mātauranga matua

**We invest in tertiary education**

Ka tuku putea mātou ki ngā momo mātauranga, whakangungu hoki o waho i ngā kura tuarua

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

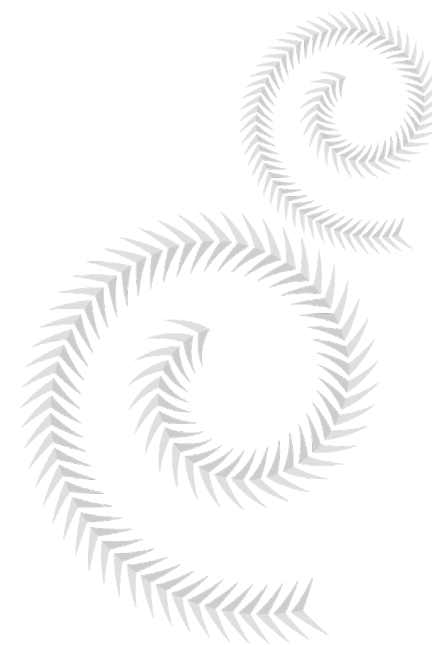
We invest in tertiary education so that New Zealanders are equipped with the knowledge and skills needed for lifelong success. We invest in all forms of post-secondary school education and training. This includes foundation education, adult and community education, and research. We also fund some programmes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

The following sections show the amount we will spend through each appropriation in 2020/21 and the measures we will use to track progress towards achieving the intention of each appropriation.

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

Financial year forecasts, targets and results are shown as 2018/19, 2019/20 and 2020/21. Calendar year forecasts, targets and results are shown as 2018, 2019 and 2020.

**The extent of the impact of COVID-19 is unknown at present. It could mean that some of the non-financial measures set out are no longer relevant, unable to be met or measured, or that new measures are required.**





## Te whaiuru ki te Mātauranga Matua

### Access to Tertiary Education

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

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

This appropriation links to our strategic goals



#### How we will assess performance

**C** TEC contributes to the result of this measure

#### Māori and Pacific Trades Training

Measure	2020 Target	2019 Estimated Actual	2018 Actual	Desired trend
Percentage of learners per calendar year progressing from Māori and Pacific Trades Training to apprenticeships and managed apprenticeships, other industry training at level 3 and above or further study at New Zealand Qualifications Framework level 4 and above	At least 35%	35%	40%	↑

Access to Tertiary Education	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue		
Equity Loading	16,636	17,277
Grant under section 321 of the Education Act to Southern Institute of Technology	3,422	1,255
Group Training Schemes	3,230	16,130
Māori and Pacific Trades Training Top Up	10,833	4,360
Student Hardship Fund	20,000	-
<b>Total revenue</b>	<b>54,121</b>	<b>39,022</b>
<b>Expenses</b>		
Equity Loading	16,636	17,277
Grant under section 321 of the Education Act to Southern Institute of Technology	3,422	1,255
Group Training Schemes	3,230	16,130
Māori and Pacific Trades Training Top Up	10,833	4,360
Student Hardship Fund	20,000	-
<b>Total expenses</b>	<b>54,121</b>	<b>39,022</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>

## Ngā Pokapū Rangahau Ikeike Centres of Research Excellence

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

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



### How we will assess performance

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

### Centres of Research Excellence

Measure	2020 Target	2019 Estimated Actual	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

Centres of Research Excellence	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue	49,800	49,800
<b>Total revenue</b>	<b>49,800</b>	<b>49,800</b>
<b>Total expenses</b>	<b>49,800</b>	<b>49,800</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>

## Te Rangahau Mātauranga Matua me te Whakaako ā-Rangahau

### Tertiary Education Research and Research-Based Teaching

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

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

This appropriation links to our strategic goals



#### How we will assess performance

**C** TEC contributes to the result of these measures

#### Performance-Based Research Fund

Measure	2020 Target	2019 Estimated Actual	2018 Actual
Research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions (Note 1))	Previous year actual ±5%	Previous year actual ±5%	3,984
Percentage increase in amount of external income for PBRF-eligible providers (Note 2)	3-5%	3-5%	13.7%

Tertiary Education Research and Research-Based Teaching	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue		
Performance-Based Research Fund	315,000	315,000
- Quality Evaluation element	173,250	173,250
- Research Degree Completions element	78,750	78,750
- External Research Income element	63,000	63,000
Wānanga Research Capability Fund	6,000	6,000
Grant under section 321 of the Education Act to Te Wānanga o Raukawa (Ministry of Education administered)	10,000	-
<b>Total revenue</b>	<b>331,000</b>	<b>321,000</b>
<b>Expenses</b>		
Performance-Based Research Fund	315,000	315,000
- Quality Evaluation element	173,250	173,250
- Research Degree Completions element	78,750	78,750
- External Research Income element	63,000	63,000
Wānanga Research Capability Fund	6,000	6,000
Grant under section 321 of the Education Act to Te Wānanga o Raukawa (Ministry of Education administered)	10,000	-
<b>Total expenses</b>	<b>331,000</b>	<b>321,000</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>

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.

## Ngā Kaupapa Mahitahi ki te Rāngai Mātauranga Matua, Ahumahi hoki

### Tertiary Sector / Industry Collaboration Projects

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

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

Tertiary Sector / Industry Collaboration Projects	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue		
Adult and Community Education (Development and Delivery)	-	500
Centres of Asia-Pacific Excellence	9,875	10,000
COVID-19 Response Projects	3,000	10,000
Early Childhood Education Qualification Translation	-	500
Engineering Education to Employment	233	-
Establishment of Centres of Vocational Excellence	-	5,000
Establishment of Workforce Development Councils	500	4,000
Information and Communications Technology Graduate Schools (Development and Delivery)	1,610	1,500
Māori and Pacific Trades Training (Brokerage)	4,099	1,921
Māori and Pacific Trades Training (Consortium)	3,535	5,933
National Centre for Tertiary Teaching Excellence	3,556	3,556
Qualification Development Fund	1,000	1,000
Quality Teaching Agenda (Ministry of Education administered)	2,520	2,520
<b>Total revenue</b>	<b>29,928</b>	<b>46,430</b>

This appropriation links to our strategic goals




Tertiary Sector / Industry Collaboration Projects	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Expenses</b>		
Adult and Community Education (Development and Delivery)	-	500
Centres of Asia-Pacific Excellence	9,875	10,000
COVID-19 Response Projects	3,000	10,000
Early Childhood Education Qualification Translation	-	500
Engineering Education to Employment	233	-
Establishment of Centres of Vocational Excellence	-	5,000
Establishment of Workforce Development Councils	500	4,000
Information and Communications Technology Graduate Schools (Development and Delivery)	1,610	1,500
Māori and Pacific Trades Training (Brokerage)	4,099	1,921
Māori and Pacific Trades Training (Consortium)	3,535	5,933
National Centre for Tertiary Teaching Excellence	3,556	3,556
Qualification Development Fund	1,000	1,000
Quality Teaching Agenda (Ministry of Education administered)	2,520	2,520
<b>Total expenses</b>	<b>29,928</b>	<b>46,430</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>

**How we will assess performance**

**C** TEC contributes to the result of this measure

**ICT Graduate Schools**

Measure	2020 Target	2019 Estimated Actual	2018 Actual	Desired trend
Number of domestic equivalent full-time students in Information and Communications Technology (ICT) Graduate Schools per calendar year (Note 1)	At least 195	195	206	

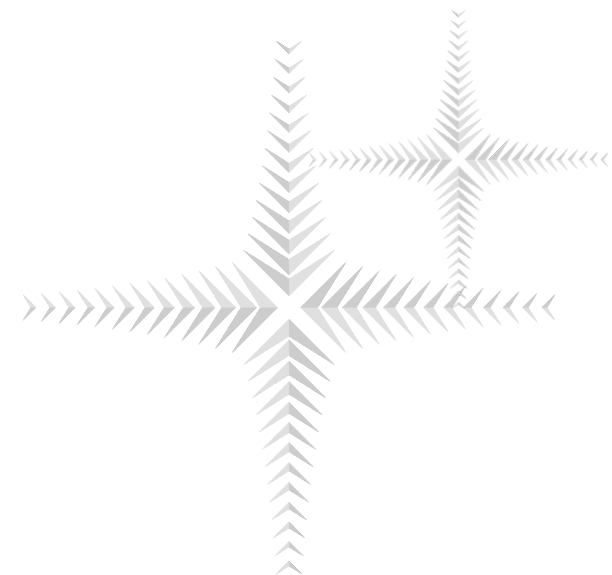
Note 1 – The funding for ICT Graduate Schools finishes at the end of 2020.

**R** TEC is responsible for the result of this measure

**Centres of Asia and Pacific Excellence**

Measure	2020 Target	2019 Estimated Actual	2018 Actual
Centres of Asia and Pacific 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.



## He Auahatanga ka arahina e ngā Whare Wānanga

### University-led Innovation

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

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

This appropriation links to our strategic goals



University-led Innovation	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue	7,526	10,000
<b>Total revenue</b>	<b>7,526</b>	<b>10,000</b>
<b>Total expenses</b>	<b>7,526</b>	<b>10,000</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>

#### How we will assess performance

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

#### Entrepreneurial Universities

Measure	2020 Target	2019 Estimated Actual	2018 Actual
Entrepreneurial Universities' annual reports are reviewed and appropriate action is taken (Note 1)	Achieved	Achieved	Achieved

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

## He Karahipi, he Whakawhiwhinga hoki mō te Taumata Mātauranga Matua Workforce Development Councils

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

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

This appropriation links to our strategic goals



### How we will assess performance

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

Measure	2020/21 Target
Number of Workforce Development Councils established by Order in Council by 31 December 2020	6
Councils with an approved Establishment Plan by 30 June 2021	6

### New appropriation

## Budget 2020 COVID-19 Response and Recovery Fund

This initiative provides funding to accelerate the establishment of Workforce Development Councils to give industry greater leadership across the vocational education and training system. It will also help ensure the delivery of the skills industries need to recover from the impact of COVID-19.

Workforce Development Councils are a foundational component of the Government's Reform of Vocational Education.

Workforce Development Councils	Forecast 2019/20 \$000	Budget 2020/21 \$000
Revenue		
Crown revenue	-	42,000
<b>Total revenue</b>	-	<b>42,000</b>
Total expenses	-	42,000
Surplus/(deficit)	-	-

## He Karahipi, he Whakawhiwhinga hoki mō te Taumata Mātauranga Matua

### Tertiary Scholarships and Awards

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

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

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

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

Tertiary Scholarships and Awards	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue		
Tertiary Teaching Awards	200	200
Trainee Medical Intern Grant	14,755	14,604
Ministry of Education - administered awards	1,080	5,064
<b>Total revenue</b>	<b>16,035</b>	<b>19,868</b>
<b>Expenses</b>		
Tertiary Teaching Awards	200	200
Trainee Medical Intern Grant	14,755	14,604
Ministry of Education - administered awards	1,080	5,064
<b>Total expenses</b>	<b>16,035</b>	<b>19,868</b>
<b>Surplus/(deficit)</b>	-	-

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

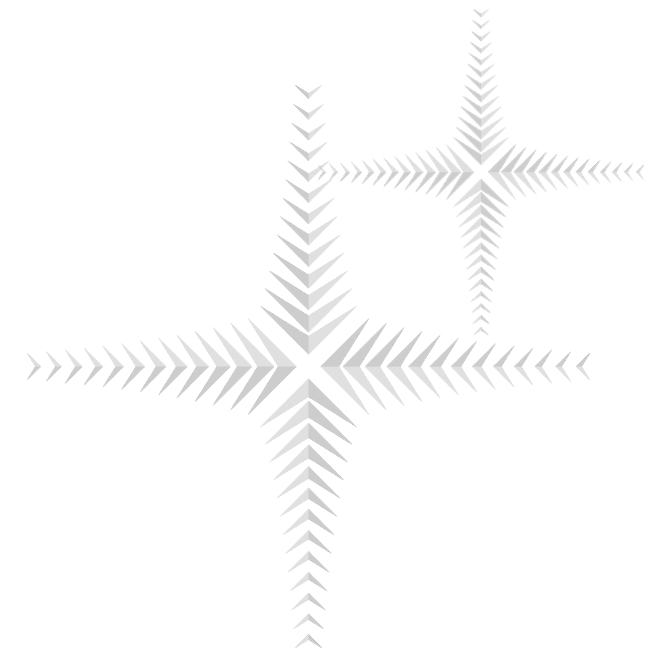


## Mai i te Kura Tuarua ki te Taumata Mātauranga Matua

### Secondary-Tertiary Interface

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

Secondary-Tertiary Interface	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue	38,931	14,331
<b>Total revenue</b>	<b>38,931</b>	<b>14,331</b>
<b>Total expenses</b>	<b>38,931</b>	<b>14,331</b>
<b>Surplus/(deficit)</b>	-	-





## He Akoako, he Whakangungu hoki i te Taumata Mātauranga Matua

### Tertiary Tuition and Training

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

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

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

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

This appropriation links to our strategic goals



Tertiary Tuition and Training (MCA)	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue		
Community Education	118,420	44,223
Tertiary Education: Student Achievement Component	3,063,542	1,352,241
Training for Designated Groups	432,379	143,975
Fees-free Payments	363,057	428,413
<b>Total revenue</b>	<b>3,977,398</b>	<b>1,968,852</b>
<b>Expenses</b>		
Community Education	118,420	47,609
Tertiary Education: Student Achievement Component	3,063,542	1,395,239
Training for Designated Groups	432,379	148,390
Fees-free Payments	363,057	428,413
<b>Total expenses</b>	<b>3,977,398</b>	<b>2,019,651</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>(50,799)</b>

Owing to our policy of non-recovery in 2020 (and higher costs than originally expected) we are budgeting for a deficit in this appropriation. We will use our balance sheet to provide the additional funding required.

#### How we will assess performance

Ⓒ TEC contributes to the result of this measure

#### Overall measure

Measure	2020 Target	2019 Estimated Actual	2018 Actual	Desired trend
Percentage of Student Achievement Component and Youth Guarantee learners who complete 75% of their courses	At least 73%	73%	74%	↑

## Mātauranga ā-Hapori Community Education

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

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

This appropriation links to our strategic goals



Community Education	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue		
Adult and Community Education	40,381	9,587
Emergency Management Pool	1,707	783
English for Speakers of Other Languages	23,599	7,911
Immigration Levy	726	129
Literacy and Numeracy Provision	52,007	25,813
<b>Total revenue</b>	<b>118,420</b>	<b>44,223</b>
<b>Expenses</b>		
Adult and Community Education	40,381	11,280
Emergency Management Pool	1,707	783
English for Speakers of Other Languages	23,599	7,911
Immigration Levy	726	129
Literacy and Numeracy Provision	52,007	27,506
<b>Total expenses</b>	<b>118,420</b>	<b>47,609</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>(3,386)</b>




Owing to our policy of non-recovery in 2020 (and higher costs than originally expected) we are budgeting for a deficit in this appropriation. We will use our balance sheet to provide the additional funding required.

### How we will assess performance

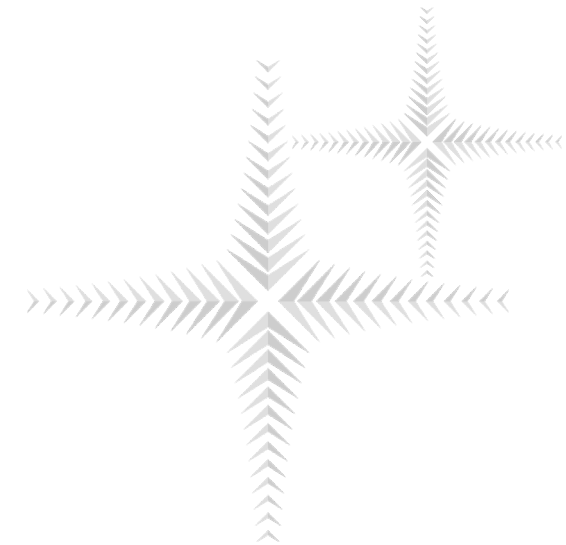
**C** TEC contributes to the result of these measures

### Literacy and numeracy

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

Type	2020 Target	2019 Estimated Actual	2018 Actual	Desired trend
Intensive literacy and numeracy	At least 62.6%	62.6%	65.5%	
Workplace Literacy and Numeracy (tertiary education organisation – led)	At least 60.8%	60.8%	61.1%	
English for Speakers of Other languages	At least 95.6%	95.6%	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.



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

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

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



Owing to our policy of non-recovery in 2020 (and higher costs than originally expected) we are budgeting for a deficit in this appropriation. We will use our balance sheet to provide the additional funding required.

Tertiary Education: Student Achievement Component	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue		
Provision at levels 1 and 2	101,676	66,036
Provision at levels 3 and above	2,935,742	1,281,565
- Universities	1,842,189	736,895
- New Zealand Institute of Skills and Technology (including Institutes of Technology and Polytechnics)	646,365	334,655
- Wānanga	169,446	86,733
- Private Training Establishments	277,742	123,282
Grant under section 321 of the Education Act to School of Dance and School of Drama	2,373	2,322
Grant under section 321 of the Education Act to Southern Institute of Technology	1,922	-
Information and Communications Technology Graduate Programmes	1,829	2,318
Technology Access Fund	20,000	-
<b>Total revenue</b>	<b>3,063,542</b>	<b>1,352,241</b>
<b>Expenses</b>		
Provision at levels 1 and 2	101,676	66,036
Provision at levels 3 and above	2,935,742	1,324,563
- Universities	1,842,189	739,301
- New Zealand Institute of Skills and Technology (including Institutes of Technology and Polytechnics)	646,365	356,666
- Wānanga	169,446	88,961
- Private Training Establishments	277,742	139,635
Grant under section 321 of the Education Act to School of Dance and School of Drama	2,373	2,322
Grant under section 321 of the Education Act to Southern Institute of Technology	1,922	-
Information and Communications Technology Graduate Programmes	1,829	2,318
Technology Access Fund	20,000	-
<b>Total expenses</b>	<b>3,063,542</b>	<b>1,395,239</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>(42,998)</b>







### How we will assess performance

**C** TEC contributes to the result of these measures

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

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

### All learners

Measure	Level	2020 Target	2019 Estimated Actual	2018 Actual	Desired trend
<b>Qualification completion</b>					
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	At least 58.2%	58.2%	54%	
	Level 7 degree and above	At least 60.7%	60.7%	62%	
<b>Course completion (Note 2)</b>					
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Level 1-10	84.1%	81.7%	82.7%	
<b>Progression</b>					
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		43.0%	37.7%	40.0%	
<b>Retention</b>					
First year retention rates for qualification at:	Levels 4-7 non-degree	55.5%	54.9%	51.2%	
	Level 7 degree and above	76.5%	76.0%	75.7%	

## Ngā ākonga Māori, ngā ākonga Moana nui ā Kiwa hoki Māori and Pacific learners

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

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

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

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

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

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

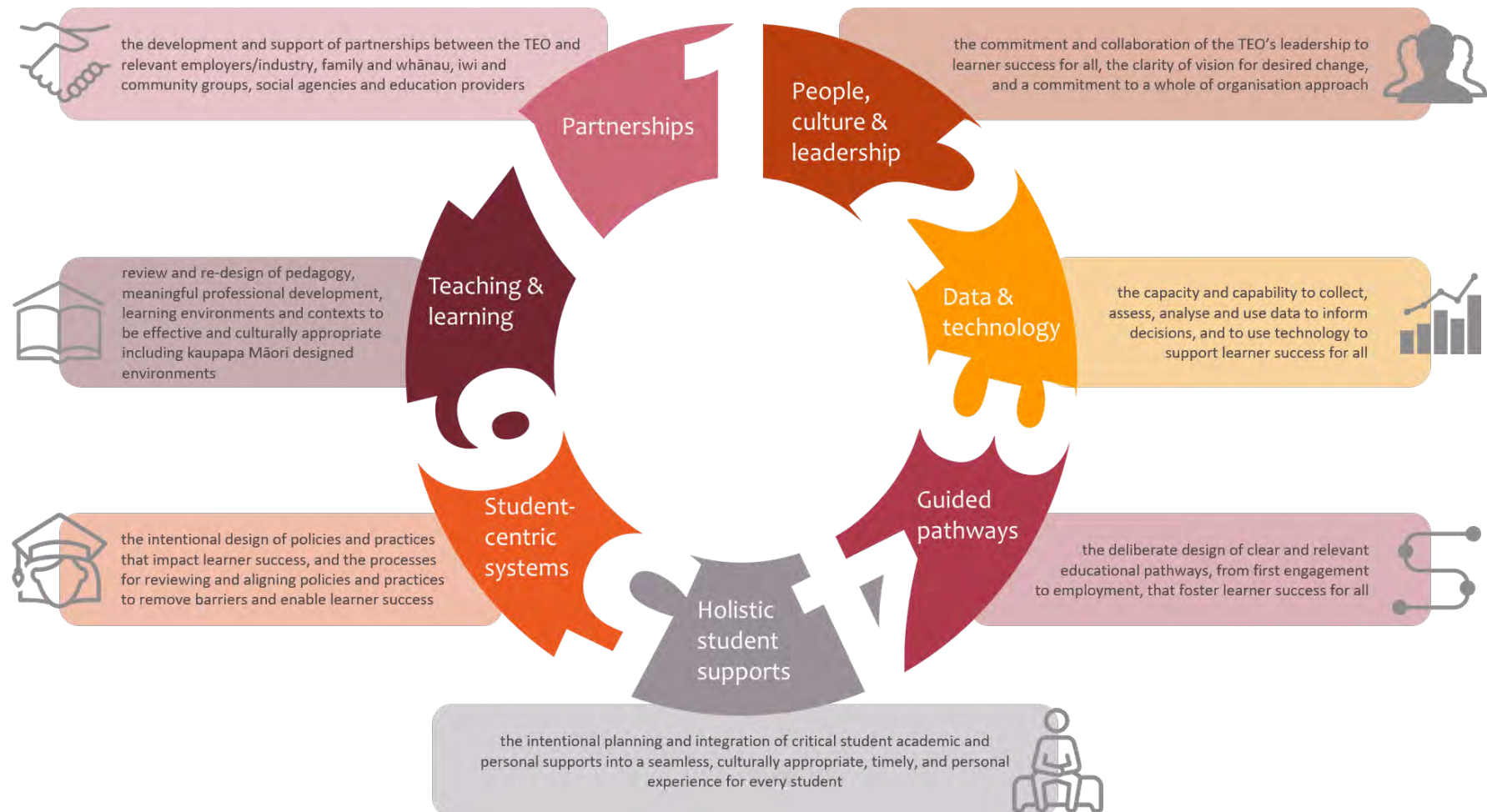
Moving the dial on educational performance is key to achieving equity. To do this, we are taking a new approach to setting educational performance targets. We have developed minimum performance improvement targets that would enable individual tertiary education organisations to achieve equity for Māori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



## Te whakatipu i tō Te Amorangi Mātauranga Matua āheinga

### Building Tertiary Education Organisations' capability

In addition, we are developing and trialling a diagnostic tool for tertiary education organisations to use to assess their own capability against key elements for learner success. The tool supports tertiary education organisations to identify how they can develop their capability in the areas most likely to improve the participation and achievement of all learners. These are the key elements we need to get right to enable learners to succeed:



The extent of the impact of COVID-19 on Māori and Pacific learners is unknown at present but could mean that some of the measures and targets set out are no longer relevant, unable to be met or measured, or that new measures are required.

### How we will assess performance

**C** TEC contributes to the result of these measures

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

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

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

Measure	Level	2020 Target Parity gap	Group	2019		2018		Desired trend (Parity gap)
				Estimated	Actual	Actual	Parity gap	
<b>Qualification completion</b>								
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	Maintain no parity gap	Māori	60%	2 percentage points	53%	-2 percentage points	
			Non-Māori and non-Pacific	58%		55%		
	Level 7 degree and above	No more than -16 percentage points	Māori	48%	-16 percentage points	50%	-15 percentage points	
			Non-Māori and non-Pacific	64%		65%		

Measure	Level	2020 Target			2019		2018		Desired trend (Parity gap)
		Group	TEO commitments	Parity gap	Estimated	Actual	Actual	Parity gap	
<b>Course completion</b>									
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Levels 1-10	Māori	79.6%	-6.9 percentage points	73.4%	-12.2 percentage points	74.2%	-12.2 percentage points	
		Non-Māori and non-Pacific	86.5%		85.6%		86.4%		
<b>Progression</b>									
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		Māori	43.3%	0.5 percentage point	38.5%	1.8 percentage points	41.2%	3.6 percentage points	(Note 1)
		Non-Māori and non-Pacific	42.8%		36.7%		37.6%		
<b>Retention</b>									
First year retention rates for qualification at:	Levels 4-7 non-degree	Māori	55.6%	-0.8 percentage point	51.6%	-4.9 percentage points	42.8%	-11.7 percentage points	
		Non-Māori and non-Pacific	56.4%		56.5%		54.5%		
	Level 7 degree and above	Māori	70.6%	-7.7 percentage points	67.6%	-10.4 percentage points	68.4%	-9.1 percentage points	
		Non-Māori and non-Pacific	78.3%		78%		77.5%		

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







## How we will assess performance

**C** TEC contributes to the result of these measures

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

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

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

Measure	Level	2020 Target Parity gap	Group	2019 Estimated Actual		2018 Actual		Desired trend (Parity gap)	
				Course completion	Parity gap	Course completion	Parity gap		
<b>Qualification completion</b>									
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	No more than -2.1 percentage points	Pacific	55.9%	-2.1 percentage points	55%	0 percentage points	(Note 1)	
			Non-Māori and non-Pacific	58%		55%			
	Level 7 degree and above	No more than -16.5 percentage points	Pacific	47.5%	-16.5 percentage points	49%	-16 percentage points		
			Non-Māori and non-Pacific	64%		65%			
Measure	Level	2020 Target			2019 Estimated Actual		2018 Actual		Desired trend (Parity gap)
		Group	TEO commitments	Parity gap		Parity gap		Parity gap	
<b>Course completion</b>									
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Levels 1-10	Pacific	76.6%	-9.9 percentage points	70.8%	-14.8 percentage points	72.3%	-14.1 percentage points	
		Non-Māori and non-Pacific	86.5%		85.6%		86.4%		
<b>Progression</b>									
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above (Note 2)		Pacific	43.8%	1 percentage point	40.5%	3.8 percentage points	41%	6 percentage points	(Note 1)
		Non-Māori and non-Pacific	42.8%		36.7%		3%		
<b>Retention</b>									
First year retention rates for qualification at:	Levels 4-7 non-degree	Pacific	48.5%	-7.9 percentage points	48.5%	-8 percentage points	41%	-13.5 percentage points	
		Non-Māori and non-Pacific	56.4%		56.5%		54.5%		
	Level 7 degree and above	Pacific	73.2%	-5.1 percentage points	71.8%	-6.2 percentage points	70.7%	-6.8 percentage points	
		Non-Māori and non-Pacific	78.3%		78.0%		77.5%		

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

Note 2 – 2018 actuals for progression were incorrectly reported in the Annual Report for the year ended 30 June 2019 owing to a typographical error, as: Māori learners 35%, Pacific learners 41% and non-Māori and non-Pacific learners 35%.

## He Whakangungu mā ngā Rōpū ka Tohua

### Training for Designated Groups

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

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



Training for Designated Groups	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue		
Gateway	31,385	11,177
Industry Training Fund	287,315	67,760
Industry Training Fund — Direct Access Scheme	20	5,070
Industry Training-related Projects	410	3,950
Youth Guarantee	113,249	56,018
<b>Total revenue</b>	<b>432,379</b>	<b>143,975</b>
<b>Expenses</b>		
Gateway	31,385	11,177
Industry Training Fund	287,315	72,175
Industry Training Fund — Direct Access Scheme	20	5,070
Industry Training-related Projects	410	3,950
Youth Guarantee	113,249	56,018
<b>Total expenses</b>	<b>432,379</b>	<b>148,390</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>(4,415)</b>




Owing to our policy of non-recovery in 2020 (and higher costs than originally expected) we are budgeting for a deficit in this appropriation. We will use our balance sheet to provide the additional funding required.

### How we will assess performance

**C** TEC contributes to the result of these measures


## Industry training programme completion

### All Learners

Measure	Group	2020 Target	2019 Estimated Actual	2018 Actual	Desired trend
Percentage completing programmes	All learners	At least 68%	68%	67%	
	Industry Trainees	At least 70%	70%	70%	
	Apprentices (Note 1)	At least 61%	61%	45%	

Note 1 – The increase in completions reflects a significant increase in new apprentices entering into the construction-related trades between 2013 and 2015. They are now completing qualifications at a higher rate owing to increased focus by the industry training organisations on completion rates.

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

Measure	Group	2020 Target Parity gap	2019 Estimated Actual		2018 Actual		Desired trend (Parity gap)
			Programme completion	Parity gap	Programme completion	Parity gap	
Percentage completing programmes	Māori	No more than -6 percentage points	62%	-6 percentage points	61%	-7 percentage points	
	Non-Māori and non-Pacific		68%		68%		

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


Measure	Group	2020 Target Parity gap	2019 Estimated Actual		2018 Actual		Desired trend (Parity gap)
			Programme completion	Parity gap	Programme completion	Parity gap	
Percentage completing programmes	Pacific	Maintain no parity gap	69%	1 percentage point	73%	5 percentage points	(Note 1)
	Non-Māori and non-Pacific		68%		68%		

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

**How we will assess performance**


**C** TEC contributes to the result of these measures

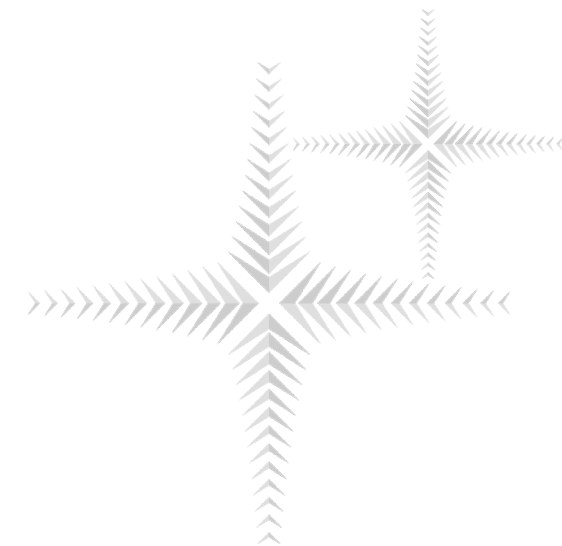
**Youth Guarantee**

Measure	2020 Target	2019 Estimated Actual	2018 Actual	Desired trend
Percentage of Youth Guarantee learners completing qualifications at levels 2 or 3 (Note 1)	At least 60%	60%	59%	

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

**Gateway**

Measure	2020 Target	2019 Estimated Actual	2018 Actual	Desired trend
Total participants and number of schools	13,200 ± 5% in up to 375 schools	13,751 in 378 schools	13,615 in 376 schools	



## He Utu Nama-kore Fees-free Payments

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

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



### How we will assess performance

**C** TEC contributes to the result of this measure

#### All Learners

Measure	2020 Target	2019 Estimated Actual	2018 Actual
Average fees-free payments (including GST) received by first year Fees Free learners (Note 1)	At least \$5,787	\$5,787	\$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.

Fees-free Payments	Forecast 2019/20 \$000	Budget 2020/21 \$000
<b>Revenue</b>		
Crown revenue		
Fees-free Payments	363,057	268,413
Targeted Training and Apprenticeship Fund	-	160,000
<b>Total revenue</b>	<b>363,057</b>	<b>428,413</b>
<b>Expenses</b>		
Fees-free Payments	363,057	268,413
Targeted Training and Apprenticeship Fund	-	160,000
<b>Total expenses</b>	<b>363,057</b>	<b>428,413</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>



A group of four people are seated around a table in a meeting. A man in a light blue shirt is looking towards a woman with long dark hair who is speaking. Another woman is in the foreground, partially obscured, and another person is on the right. A teal overlay at the bottom contains the text 'Ngā Tauākī Matapae Tahua Forecast Financial Statements'.

**Ngā Tauākī Matapae Tahua**  
**Forecast Financial Statements**

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

## Statement of Significant Assumptions underlying the Forecast Financial Statements

### Overview

We used a number of assumptions when preparing these forecast financial statements. This includes that the range and levels of service we currently provide will not change in 2020/21. These assumptions may differ from what actually happens. In particular, changes to government policy, the economy, learner demographics, immigration trends and the makeup of the number and type of learning institutions within New Zealand will all affect us and our forecast results.

### COVID-19

COVID-19 has rapidly emerged as an issue that will impact our business. The financial information as set out in this document was developed during COVID-19. It includes the results of the Government's COVID-19: Response and Recovery Fund Foundation Package. Given the high level of uncertainty, actual results may differ significantly.

On the operational side of our business, from March 2020 all TEC staff began working from home and cancelled any non-essential travel. The hiring of staff and contractors has also been impacted, as well as some discretionary projects being put on hold while we adjust to the environment and the new way of working.

On the grants side, in March 2020 the Minister of Education confirmed that we would continue to fund tertiary education organisations at their pre-COVID-19 levels, despite any potential reduction in student numbers. The accounting implications of this decision mean that approximately \$1.2 billion of grants revenue and expenditure will now be recognised in 2019/20 instead of 2020/21. This is a technical accounting issue and not a cash issue.

### Revenue

Revenue from the Crown is based on information contained in the 2020/21 Estimates of Appropriation, Vote Tertiary Education and Vote Education. It also includes the COVID-19: Response and Recovery Fund Foundation Package agreed by Cabinet in May 2020. In 2020/21 we plan to fully draw down our Crown revenue, with the exception of \$0.8 million of operational funding that we plan to transfer into later financial years. This will better match revenue with expenses for our Performance Based Research Fund quality evaluation cycle.

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

**Other Operating revenue**

Contract – Pre-purchased English Language Tuition revenue of \$0.6 million assumes a slight reduction in migration.

Contract – Migrant Futures is based on a memorandum of understanding held with the Ministry of Business, Innovation and Employment for \$1.6 million per annum that runs to 30 June 2021.

Other revenue of \$1.5 million includes \$1.2 million of contributions from tertiary education institutions towards the New Zealand Benchmarking Tool.

**Operating expenses**

Personnel costs are based on:

- › 360 established roles
- › project staff and contractors
- › other specialist contractors.

They include an allowance for salary increases at our long-term average of 1.8%. We also make a 5% allowance for staff vacancies.

Depreciation and amortisation costs are calculated based on our current fixed assets and our proposed 2020/21 capital plan.

Other expenses have been calculated using a bottom-up approach and includes \$4.8 million for projects and new business as usual initiatives in 2020/21.

**Grants expenses**

At 30 June 2019 we had \$106.497 million of grants funds retained on our balance sheet. Our grants expense is based on the assumption that we will not need to use the balance sheet in 2019/20 but will use \$50.8 million in 2020/21.



## Tauākī Matapae mō te Tōtōpū o te Whakapaunga Pūtea Forecast Statement of Comprehensive Revenue and Expense

For the years ended 30 June

	2020 Forecast \$000	2021 Budget \$000
<b>REVENUE</b>		
<b>Grants revenue:</b>		
Vote Education/Tertiary Education – Ministry of Education (MoE) (Note 1)	4,491,139	2,503,719
Prior year recoveries – net	1,700	2,000
<b>Total grants revenue</b>	<b>4,492,839</b>	<b>2,505,719</b>
<b>Operating revenue:</b>		
Vote Tertiary Education – MoE	69,659	75,258
Contract – Pre-purchased English Language Tuition	673	560
Contract – Migrant Futures	1,613	1,613
Other revenue	1,860	1,512
<b>Total operating revenue</b>	<b>73,805</b>	<b>78,943</b>
<b>Finance revenue:</b>		
Interest – grants	200	300
Interest – operating	1,020	936
<b>Total finance revenue</b>	<b>1,220</b>	<b>1,236</b>
<b>Total revenue</b>	<b>4,567,864</b>	<b>2,585,898</b>

	2020 Forecast \$000	2021 Budget \$000
<b>EXPENSE</b>		
<b>Grants expense:</b>		
Grants expense (Note 1)	4,490,639	2,554,018
Bad and doubtful debts	500	500
<b>Total grants expense</b>	<b>4,491,139</b>	<b>2,554,518</b>
<b>Operating expense:</b>		
Personnel costs	48,654	54,109
Amortisation	5,058	4,107
Depreciation	1,186	1,090
Other expenses	21,797	25,549
<b>Total operating expense</b>	<b>76,695</b>	<b>84,855</b>
<b>Total expense</b>	<b>4,567,834</b>	<b>2,639,373</b>
<b>SURPLUS/(DEFICIT)</b>		
Grants surplus/(deficit)	1,900	(48,499)
Operating surplus/(deficit)	(1,870)	(4,976)
<b>Total comprehensive revenue and expense</b>	<b>30</b>	<b>(53,475)</b>

Note 1 – In March 2020 the Minister of Education confirmed that we would continue to fund tertiary education organisations at their pre-COVID-19 levels despite any potential reduction in student numbers. The accounting implications of this decision mean that approximately \$1.2 billion of grants revenue and expenditure will now be recognised in 2019/20 instead of 2020/21.

## Tauākī Matapae Tahua Putea

### Forecast Statement of Financial Position

As at 30 June

	2020 Forecast \$000	2021 Budget \$000
<b>CURRENT ASSETS</b>		
Receivables (Note 1)	1,767,596	493,897
Cash and cash equivalents	65,435	58,665
Prepayments	1,000	1,020
<b>Total current assets</b>	<b>1,834,031</b>	<b>553,582</b>
<b>NON-CURRENT ASSETS</b>		
Intangible assets	12,859	22,252
Property, plant and equipment	4,397	3,307
<b>Total non-current assets</b>	<b>17,256</b>	<b>25,559</b>
<b>Total assets</b>	<b>1,851,287</b>	<b>579,141</b>
<b>CURRENT LIABILITIES</b>		
Payables (Note 1)	1,682,685	458,297
Pre-purchased English Language Tuition – fees in advance	20,597	17,508
Repayment of grants funding – MoE	200	300
Employee entitlements	2,645	2,957
GST payable	2,530	2,858
Provision for lease	150	150
<b>Total current liabilities</b>	<b>1,708,807</b>	<b>482,070</b>

Note 1 – In March 2020 the Minister of Education confirmed that we would continue to fund tertiary education organisations at their pre-COVID-19 levels despite any potential reduction in student numbers. The accounting implications of this decision mean that approximately \$1.2 billion of grants revenue and expenditure will now be recognised in 2019/20 instead of 2020/21. This also impacts Receivables and Payables.

	2020 Forecast \$000	2021 Budget \$000
<b>NON-CURRENT LIABILITIES</b>		
Provision for lease	1,019	868
Employee entitlements	850	867
<b>Total non-current liabilities</b>	<b>1,869</b>	<b>1,735</b>
<b>Total liabilities</b>	<b>1,710,676</b>	<b>483,805</b>
<b>Net assets</b>	<b>140,611</b>	<b>95,336</b>
<b>EQUITY</b>		
General funds	140,611	95,336
<b>Total equity</b>	<b>140,611</b>	<b>95,336</b>

## Tauākī Matapae mō ngā Panoni Pūtea Moni

### Forecast Statement of Changes in Equity

For the years ended 30 June

	2020 Forecast \$000	2021 Budget \$000
Balance at 1 July	140,781	140,611
Capital contribution	-	8,500
Total comprehensive revenue and expense for the year	30	(53,475)
Repayment of grants interest – MoE	(200)	(300)
<b>Balance at 30 June</b>	<b>140,611</b>	<b>95,336</b>

## Tauākī Matapae mō ngā Rerenga Moni

### Forecast Statement of Cash Flows

For the years ended 30 June

	2020 Forecast \$000	2021 Budget \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Cash was provided from:</i>		
Grants – MoE	3,210,548	3,777,418
Grants – prior year recoveries	1,700	2,000
Grants – Pre-purchased English Language Tuition	696	1,191
Operating – MoE	69,659	75,258
Operating – Pre-purchased English Language Tuition	343	279
Operating – other	3,475	3,125
	3,286,421	3,859,271
<i>Cash was applied to:</i>		
Grants payments	(3,202,081)	(3,783,018)
Payments to employees	(48,402)	(53,751)
Other operating payments	(22,781)	(25,636)
GST – net	242	328
	(3,273,022)	(3,862,077)
<b>Net cash flows from operating activities</b>	<b>13,399</b>	<b>(2,806)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<i>Cash was provided from:</i>		
Interest – operating	1,014	936
Sale of property, plant and equipment	16	-
	1,030	936

	2020 Forecast \$000	2021 Budget \$000
<i>Cash was applied to:</i>		
Purchase of intangible assets	(3,300)	(13,500)
Purchase of property, plant and equipment	(500)	-
	(3,800)	(13,500)
<b>Net cash flows from investing activities</b>	<b>(2,770)</b>	<b>(12,564)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<i>Cash was provided from:</i>		
Capital contribution – MoE	-	8,500
<i>Cash was applied to:</i>		
Repayment of grants funding – MoE	(8,578)	100
<b>Net cash flows from financing activities</b>	<b>(8,578)</b>	<b>8,600</b>
Net increase/(decrease) in cash and cash equivalents	2,051	(6,770)
Cash and cash equivalents at 1 July	63,384	65,435
<b>Cash and cash equivalents at 30 June</b>	<b>65,435</b>	<b>58,665</b>
<b>Total comprehensive revenue and expense</b>	<b>30</b>	<b>(53,475)</b>
Add non-cash items – depreciation and amortisation	6,244	5,197
Add net movements in working capital	8,355	46,708
Deduct interest income classified as investing activities	(1,014)	(936)
Deduct grants interest classified within repayment of grants funding – MoE	(200)	(300)
Sale of property, plant and equipment classified as investing activities	(16)	-
<b>Net cash flows from operating activities</b>	<b>13,399</b>	<b>(2,806)</b>

## Te Nekenekehanga ka Matapaetia mō Ngā Rawa Kiko-kore

### Movement of Forecast Intangible Assets

For the years ended 30 June

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	1,428	5,937	(1,428)	(5,937)	-
Amortisation and impairments	(1,484)	(3,574)	-	-	(5,058)
Additions	-	-	-	3,300	3,300
<b>Balance at 30 June</b>	<b>2,981</b>	<b>7,178</b>	<b>-</b>	<b>2,700</b>	<b>12,859</b>
Cost	16,086	29,328	-	2,700	48,114
Accumulated amortisation	(13,105)	(22,150)	-	-	(35,255)
<b>Balance at 30 June</b>	<b>2,981</b>	<b>7,178</b>	<b>-</b>	<b>2,700</b>	<b>12,859</b>
2021					
	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Balance at 1 July	2,981	7,178	-	2,700	12,859
Transfers from work in progress	-	7,700	-	(7,700)	-
Amortisation and impairments	(685)	(3,422)	-	-	(4,107)
Additions	-	-	-	13,500	13,500
<b>Balance at 30 June</b>	<b>2,296</b>	<b>11,456</b>	<b>-</b>	<b>8,500</b>	<b>22,252</b>
Cost	16,086	37,028	-	8,500	61,614
Accumulated amortisation	(13,790)	(25,572)	-	-	(39,362)
<b>Balance at 30 June</b>	<b>2,296</b>	<b>11,456</b>	<b>-</b>	<b>8,500</b>	<b>22,252</b>

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

### Movement of Forecast Property, Plant and Equipment

For the years ended 30 June

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	-	472	-	30	-	(502)	-
Depreciation and impairments	(393)	(678)	(28)	(87)	-	-	(1,186)
Additions	150	-	-	-	-	350	500
<b>Balance at 30 June</b>	<b>2,823</b>	<b>1,116</b>	<b>13</b>	<b>445</b>	<b>-</b>	<b>-</b>	<b>4,397</b>
Cost	4,373	5,546	201	923	132	-	11,175
Accumulated depreciation	(1,550)	(4,430)	(188)	(478)	(132)	-	(6,778)
<b>Balance at 30 June</b>	<b>2,823</b>	<b>1,116</b>	<b>13</b>	<b>445</b>	<b>-</b>	<b>-</b>	<b>4,397</b>
2021							
	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Motor vehicles \$000	Work in progress \$000	Total \$000
Balance at 1 July	2,823	1,116	13	445	-	-	4,397
Transfers from work in progress	-	-	-	-	-	-	-
Depreciation and impairments	(348)	(628)	(7)	(107)	-	-	(1,090)
Additions	-	-	-	-	-	-	-
<b>Balance at 30 June</b>	<b>2,475</b>	<b>488</b>	<b>6</b>	<b>338</b>	<b>-</b>	<b>-</b>	<b>3,307</b>
Cost	4,373	5,546	201	923	132	-	11,175
Accumulated depreciation	(1,898)	(5,058)	(195)	(585)	(132)	-	(7,868)
<b>Balance at 30 June</b>	<b>2,475</b>	<b>488</b>	<b>6</b>	<b>338</b>	<b>-</b>	<b>-</b>	<b>3,307</b>



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

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

For the year ended 30 June 2021

	Revenue \$000	Expenses \$000
<b>Vote Tertiary Education</b>		
<b>Non-Departmental Output Expenses</b>		
Access to Tertiary Education	39,022	39,022
Centres of Research Excellence	49,800	49,800
Tertiary Education Research and Research-Based Training	321,000	321,000
Tertiary Sector / Industry Collaboration Projects	46,430	46,430
University-led Innovation	10,000	10,000
Workforce Development Councils	42,000	42,000
Tertiary Tuition and Training multi-category appropriation		
Community Education	44,223	47,609
Tertiary Education: Student Achievement Component	1,352,241	1,395,239
Training for Designated Groups	143,975	148,390
Fees-free Payments	428,413	428,413
<b>Total Non-Departmental Output Expenses</b>	<b>2,477,104</b>	<b>2,527,903</b>
<b>Benefits and Other Unrequited Expenses</b>		
Tertiary Scholarships and Awards	19,868	19,868
<b>Total Benefits and Other Unrequited Expenses</b>	<b>19,868</b>	<b>19,868</b>

	Revenue \$000	Expenses \$000
<b>Vote Education</b>		
<b>Non-Departmental Output Expenses</b>		
Secondary-Tertiary Interface	14,331	14,331
<b>Total Non-Departmental Output Expenses</b>	<b>14,331</b>	<b>14,331</b>
<b>Total revenue/expense</b>	<b>2,511,303</b>	<b>2,562,102</b>
Administered by the Ministry of Education		
Quality Teaching Agenda	2,520	2,520
Scholarships and Awards	5,064	5,064
Administered by the Tertiary Education Commission	2,503,719	2,554,518
<b>Total revenue/expenses</b>	<b>2,511,303</b>	<b>2,562,102</b>
Prior year recoveries – net	2,000	-
Administered by the Tertiary Education Commission	2,503,719	2,554,518
<b>Total grants revenue/expenses</b>	<b>2,505,719</b>	<b>2,554,518</b>

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

For the year ended 30 June 2021

	Revenue \$000
<b>Vote Tertiary Education</b>	
<b>Non-Departmental Output Expenses</b>	
Administration of and Support for the Tertiary Education and Careers systems	75,258
<b>Total Non-Departmental Output Expenses (Operating Appropriations Revenue)</b>	<b>75,258</b>
<b>Other revenue</b>	
Māori Education Trust (Ministry of Education administered)	109
Contract – Pre-purchased English Language Tuition	560
Contract – Migrant Futures	1,613
Interest – operating	936
Other revenue	1,512
<b>Total operating revenue</b>	<b>79,988</b>



## Tauākī mō ngā kaupapa here kaute

### Statement of accounting policies

#### Reporting entity

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

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

#### Basis of preparation

##### Statement of compliance

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

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

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

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

Please note that these forecast financial statements contain no actual results. Actual results achieved are likely to vary from the forecast information and the variation may be material (see Statement of Significant Assumptions underlying the Forecast Financial Statements on pages 50-51 for further information).

#### Presentation currency and rounding

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

### Summary of significant accounting policies

#### Revenue

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

##### *Revenue from Crown*

We are primarily funded from the Crown. This funding is restricted in its use for the purpose of us meeting our performance measures as specified in the *Statement of Intent 2019/20-2022/23* and this *Statement of Performance Expectations 2020/21*. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period it relates to.

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

### ***Contract – Pre-purchased English Language Tuition***

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

### ***Interest – grants***

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

### ***Interest – operating***

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

### **Grants expenses**

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

### **Personnel costs**

#### ***Superannuation schemes – defined contribution schemes***

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

### **Operating leases**

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

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

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

### **Capital charge**

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

### **Goods and services tax (GST)**

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

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

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

## Payables

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

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

- › We recognise commitments for 12 months where we have committed to provide funding based on a multi-year contract. Our contracts with tertiary education organisations state our ability to provide funding depends on the Government continuing to appropriate sufficient funding for us to fund the tertiary education organisation. At 30 June 2021 our funding will only be confirmed up until 30 June 2022.
- › We recognise commitments up to the end of the current calendar year where we have committed providing funding to tertiary education organisations up to then.

Exceptions are as follows:

- › Volume-based funding: the majority of our funding is paid based on the number of valid student enrolments. We obtain the number of students enrolled in courses at each tertiary education organisation as at 30 June and compare this to what we have funded the tertiary education organisation for to 30 June. We record an asset or liability based on these student numbers and whether the funding we provided to the tertiary education organisation is higher or lower than what they are entitled.
- › Deliverable-based funding: some of our funding is paid once a tertiary education organisation completes a piece of research or meets a milestone. We do not record a liability unless the tertiary education organisation has met the milestone at 30 June.

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

## Receivables

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

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

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

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

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 underspends in the Tertiary Tuition and Training multi-category appropriation. This helps us manage cost pressures within and across financial years.

## Cash and cash equivalents

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

## **Intangible assets**

### ***Software acquisition and development***

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

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

Staff training costs are recognised as an expense when incurred.

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

### ***Amortisation***

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

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

Computer software is the major class of intangible assets. Its useful life is four years and its associated amortisation rate is 25 percent 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 an approach based on either a depreciated replacement cost approach, restoration cost approach or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

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

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

## **Property, plant and equipment**

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

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

### ***Additions***

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

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

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

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

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

### ***Disposals***

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

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

### ***Depreciation***

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

Leasehold improvements	Life of lease	
Computer equipment	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.

## **Employee entitlements**

### ***Short-term employee entitlements***

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

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

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

***Long-term employee entitlements***

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

The calculations are based on:

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

***Presentation of employee entitlements***

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

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

**Provision for lease**

A provision 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 provision***

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

***Onerous contracts***

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

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

**Repayment of grants funding – Ministry of Education**

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



## Equity

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

### **Capital management**

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

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

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

### **Income tax**

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

### **Critical accounting estimates and assumptions**

In preparing these financial statements we have made estimates and assumptions concerning the future (see Statement of Significant Assumptions underlying the Forecast Financial Statements on pages 50-51 for further information).

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

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

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

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

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

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

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

### ***Measuring retirement and long-service leave obligations***

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

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

### **Critical judgements in applying accounting policies**

#### ***Leases classification***

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

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

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

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





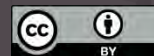
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