



**Tertiary
Education
Commission**
Te Amorangi
Mātauranga Matua



Pūrongo-ā-tau Annual Report

for the year ended 30 June 2022



Te Kāwanatanga o Aotearoa
New Zealand Government



This annual report for the year ended 30 June 2022 provides information to enable our stakeholders to assess the operations and performance of the Tertiary Education Commission.

The report covers what we set out to do, what we have done and how we have contributed to the strategic priorities and targets set by the Government. We report on progress against our *Statement of Intent 2019/20-2022/23* and the performance measures in our *Statement of Performance Expectations 2021/22*. This is the last year that we will be reporting against our old *Statement of Intent 2019/20-2022/23*. Next year we will begin to report against our new *Statement of Intent 2022/23-2025/26*.

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

Karakia

Tākina ko te kawa	Hold on to these principles
Ko te kawa o Rongo	The principles of Rongo, the Atua of peace
Ko te taitamawahine, ko te taitamatāne	
Tākina te manawa o Rongo	Hold peace in your heart
Ko te whatu o Rongo	See the peace
Ko te mauri o Rongo	Feel the force of peace
Ko te kiri o Rongo	Make peace present
He kawa nui	It's big
He kawa roa	It's long lasting
He kawa whakatiketike	It's important
Mai Ranginui me Papatūānuku	From the sky to the earth
Houhia ko te kawa o Rongo	Let this principle of peace bind us together
Tūturu o whiti	
Whakamaua kia tina.... tina	Let us be open and generous
Haumi e, hui e	
Tāiki e	

Ko Te Amorangi
Mātauranga Matua me
Te Tiriti o Waitangi

The Tertiary Education Commission and the Treaty of Waitangi

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

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

1 The Tertiary Education Commission (the TEC) will honour Te Tiriti o Waitangi (Te Tiriti) and give effect to our commitments through our stewardship of the tertiary education and careers systems.

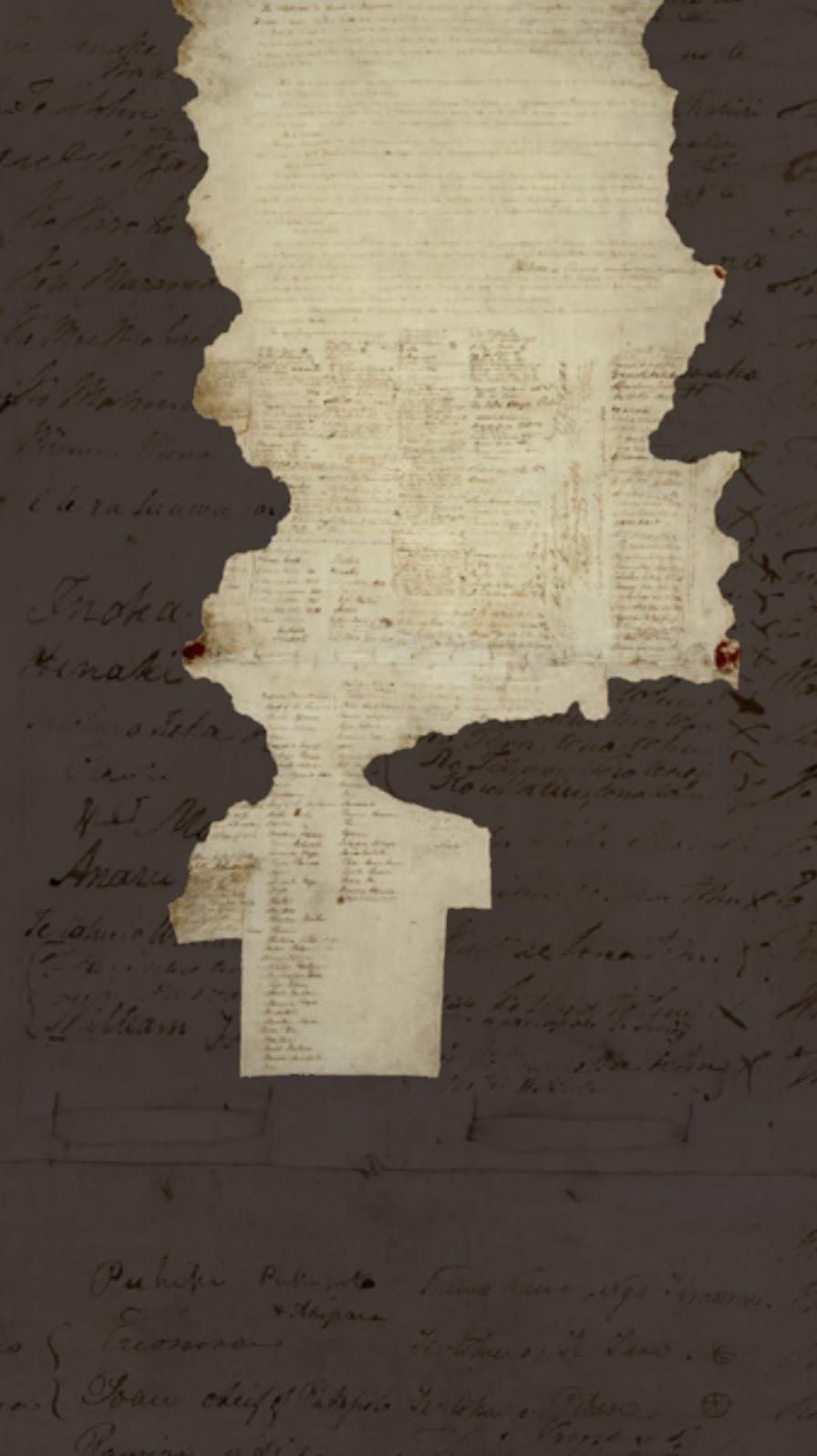
2 The increasing opportunities and need for us to honour Te Tiriti requires a focus on understanding what these obligations mean for us. To achieve this we are developing a Te Tiriti framework and work programme that will support us to balance the roles of kāwangatanga and expressions of rangatiratanga to achieve ōritetanga across the systems.

3 We will continue to ensure that our work is consistent with Te Tiriti-related goals of the Education Work Programme, the Tertiary Education Strategy, Tau Mai Te Reo, and Ka Hikitia.

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

5 In particular, through our Ōritetanga Learner Success work programme, we are giving effect to the Crown's Third Article Treaty obligations to ensure equitable outcomes for Māori as learners. We will work to ensure that all Māori learners receive what they need to be successful, through the intentional design of the tertiary education system.

6 We will support the Crown to meet its duties to actively protect the taonga of Te reo Māori, mātauranga Māori and a strong wānanga system, in particular, by delivering on the joint Te Hono Wānanga work programme.



E whakapau kaha tonu ana mātou kia mana ai Te Tiriti We continue to strive to give effect to Te Tiriti

- 1** Te Tiriti underpins the Tertiary Education Strategy, Tau Mai Te Reo, Ka Hikitia and our own organisational strategy. In implementing these strategies we have been considering how we ensure we weave our commitment to honour Te Tiriti.

- 2** To create a thriving TEC, we have established a programme of work to increase our internal capability to become a learner-centric, equity minded and culturally affirming organisation. A key part of the work is the development and roll out of tools and resources to support staff to embed Te Tiriti and support Māori-Crown relations across the business. This will support us to honour Te Tiriti and give effect to the Tertiary Education Strategy, Tau Mai Te Reo and Ka Hikitia.

- 3** We continue to focus on building strong Māori-Crown relationships, including through our business and partnerships function. Both Tahatū and the National Careers System strategy have actively engaged Māori and iwi in its design and delivery, as well as setting expectations for tertiary education organisations to engage with Māori and iwi.

- 4** Alongside our Ōritetanga Learner Success work programme, which focuses on implementing systematic approaches to building equity, especially for Māori, we are working to ensure our Te Tiriti commitments are being met through our investment function, including how we invest in taonga, like te reo and mātauranga Māori.

- 5** The Reform of Vocational Education, led from the TEC, is delivering a system that wraps around the needs of learners, their whānau, iwi, employers and communities. All parts of this new ecosystem are placing the utmost importance on vocational education honouring Te Tiriti and are empowered to actively engage with ākonga, whānau, iwi and hapū in decision-making and prioritising Māori cultural knowledge and capability. This is exemplified in the leadership frameworks for the Workforce Development Councils and Regional Skills Leadership groups, and longer-term stewardship will be designed to ensure that the system honours and continues to give effect to Te Tiriti o Waitangi.

- 6** We continue to work with the wānanga and sister agencies on Te Hono Wānanga, with a focus on reviewing our current funding model and the legislative status of the wānanga sector.

Te tau kua hipa

Our year at a glance

Our COVID-19 response funds and direct support activities

\$15.936m
FUNDED
25 PROJECTS

Workforce Development Council (WDC) / Transitional Industry Training Organisation (TITO) COVID-19 Response Projects Fund

Approximately \$9 million paid to the 15 TITO-led projects, and approximately \$7 million paid to WDC-led projects. This fund was established in July 2020 to enable TITOs and WDCs to lead response projects that support the recovery of their industries from the impacts of COVID-19.

OVER
\$22m
OF HARSHIP FUNDING HAS
SUPPORTED OVER
26,000 LEARNERS

Hardship Fund for Learners

The Hardship Fund for Learners helps tertiary education organisations provide financial assistance to their learners who are facing hardship due to COVID-19. The largest support types distributed in 2021/22 include over \$4.2 million for food support, over \$4.6 million for housing support and over \$1.8 million for hardware support.

\$334.1m
INVESTED IN
ADDITIONAL ENROLMENTS

Meeting Increased Learner Need for Tertiary Education Initiative

Due to the significant increase in tertiary education enrolments in 2021, the Meeting Increased Learner Need for Tertiary Education Initiative provided a total amount of \$334.1 million to invest in additional enrolments in Student Achievement Component and Community Education, from 1 January 2021 to 31 December 2021

OVER
\$196.4m
IN FUNDING
215,000 UNIQUE LEARNERS SUPPORTED

Targeted Training and Apprenticeship Fund

The Targeted Training and Apprenticeship Fund continues to support learners to undertake vocational education and training without fees from 1 July 2020 to 31 December 2022.



Single Point of Contact

We operated a Single Point of Contact team in the early months of 2022. This supported both the public health service and tertiary education institutions, by acting as a first point of contact for tertiary education institutions that had staff or learners who tested positive for COVID-19. A dedicated phone number and email address was initially manned seven days a week during the hours of 8am and 6pm.



We enabled tertiary education organisations to deliver online to address learners' inability to access face-to-face education

We provided tertiary education organisations a blanket exemption to enable them to deliver online without requiring TEC and NZQA permission. We provided, where possible in line with funding conditions, flexibility to enable offshore learners impacted by border conditions to continue with their study offshore.

The Reform of Vocational Education achieved significant milestones



Workforce Development Councils went live in October 2021

We facilitated the nomination and appointment processes for members of the six Workforce Development Councils (WDCs) and, through the work of the WDC Establishment Unit, enabled the first steps to the WDCs becoming operational. On 4 October 2021, we reached a significant milestone with the 'go-live' of the six WDCs and the shared services entity Hāpaitia.



We are using advice from WDCs and Regional Skills Leadership Groups in making purchasing and funding decisions

WDC and Regional Skills Leadership Group (RSLG) advice on investment priorities was used for the first time in our Supplementary Plan Guidance released in June 2022 to funded tertiary education organisations. WDC and RSLG advice has also informed and been given effect through our investment strategy, UFS strategic component funding and Investment Plan evaluation criteria.



We approved 10 Transitional Industry Training Organisations' transition plans in 2021/22

During 2021/22 the TEC Board of Commissioners approved 10 of the 11 Transitional Industry Training Organisations' (TITOs') transition plans, with the remaining transition plan approved in July 2022. By 30 June 2022, five TITOs had completed transitions to providers. All transitions are scheduled to be completed by December 2022.

In 2021/22 we spent over

\$3.9 billion

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

We funded

8

UNIVERSITIES

3

WĀNANGA

TE PŪKENGĀ

206

**TEC-FUNDED
PRIVATE TRAINING
ESTABLISHMENTS**

559

OTHER ORGANISATIONS

(including other tertiary education providers,
transitional industry training organisations,
adult and community education providers,
government training establishments and
secondary schools)

26,949

**PAYMENTS TO TERTIARY
EDUCATION
ORGANISATIONS IN
2021/22**

AN INCREASE OF

3,057

**PAYMENTS COMPARED TO
2020/21**



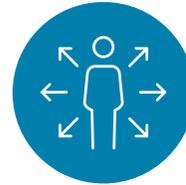
Industry Training Fund – 11.6 percent increase in learners supported

The Industry Training Fund supported 143,145 learners, an increase of 11.6 percent compared to 2020. This was driven by an increase in the number of apprentices, which were up 28.0 percent from 2020 and up 50.6 percent from 2019. The number of female apprentices has increased 57.1 percent, from 7,265 in 2020 to 11,410 in 2021.



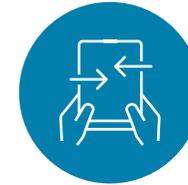
Provider-based enrolments have increased across subsectors

The number of provider-based learners grew 9.1 percent compared to 2020. The growth was led by increased Student Achievement Component level 3 and above enrolments, which were up by 27,490 learners from the previous year. Both Te Pūkenga and the private training establishment subsector saw growth of 12.0 percent or higher at Student Achievement Component level 3 and above. The wānanga subsector experienced an increase of 9.1 percent, recovering from a decline from 2019 to 2020.



We rolled out the first stage of our learner success approach

This year we focused on developing and rolling out the first stage of our learner success approach, which included: development of Learner Success Plans and Disability Action Plans, ongoing relationship building, monitoring and data collection, the establishment of communities of practice and development of a self service toolkit. Our learner success approach is the result of over three years of developing and testing a Learner Success Framework for the Aotearoa New Zealand context (a blueprint for change transformation) with tertiary education organisations.



We delivered the new data exchange platform

In partnership with the Ministry of Education and New Zealand Qualifications Authority, we completed the new data exchange platform on 13 June 2022. Providers and staff are now using our Workspace2 and Services for tertiary education organisations' data collection applications on the new platform. The new platform delivers modern, fit-for-purpose technology that eliminates previous technical risks and gives providers a better and faster user experience.



Inspiring the Future –

546 volunteer role models available to teachers

Inspiring the Future is a programme to connect children from ages 7-13 with volunteer role models from the world of work in a fun and inspiring event. To date over 1,700 role models have started the sign-up process, with 546 role models completing the process and becoming available on the platform for teachers to view and invite to Inspiring the Future events.

Launched in October 2020, the **Direct Career Service** has gone from strength to strength over the last year.



11,614

**PERSONALISED
CAREER SESSIONS**

(106%) AGAINST A TARGET
OF 10,860



889

**ADDITIONAL
CUSTOMERS**

Attended Direct Career Service
events or workshops in
the past 12 months.



We engaged with our customers and stakeholders

Despite COVID-19 restriction:

- › Our Relationship Managers (Investment) held 901 engagements across our largest tertiary education organisations and sector peak body groups
 - They held an additional 45 engagements with the sector that were COVID-19 specific. These included regular stand-ups and workshops specific to certain COVID-19 topics.
- › Our Business and Partnerships team:
 - established and strengthened connections and relationships with over half a dozen iwi across Aotearoa New Zealand
 - held over 650 engagements over the last year, and our stakeholder database grew by a third to about 200 stakeholders, and
 - increased support for Regional Leadership Groups and Workforce Development Councils as they establish themselves in the system and we are building trusted relationships with them.
- › Our Customer Contact Group engagement in webchats grew from 5,711 in 2020/21 to 14,673 in 2021/22.
 - They also responded to 19,013 Fees Free enquiries and Statutory Declarations and received 24,067 calls and 38,183 emails.

Ngā Ihirangi

Wāhanga tahi: Kupu whakataki	11
He matakōrero nā te Heamana Poari nā te Amokura me te Kaiwhakahaere Mātāmua	12
Wāhanga rua: Tō mātou takohatanga ki ngā whakaarotau a te Kāwana	17
E arotahi ana mātou ki te tuku i te mana ōrite puta noa i te pūnaha	18
Kua tata te wāhanga whakatinana o te Whakahou i te Mātauranga Ahumahinga te oti	20
He pānga tupu tonu te KOWHEORI-19 ki te rāngai mātauranga matua me ā mātou nei mahi	28
I koke tonu ā mātou mahi aramahi	32
Wāhanga toru: Ko ō mātou whāinga rautaki	35
Te tautoko i ngā ākongā katoa kia angitu	38
Te whakahono kaiwhakaako ki ngā kaiwhakawhiwhi mahi	50
Te whakakaha ake i te āheinga kaiwhakarato me te aroturuki mahi	58
Te whakarahi ake i te kounga o te rangahau me te āheinga hoki	62
Wāhanga whā: Te whai kia pai ake i ngā tikanga mahi	69
Tauākī Whakamaunga Atu	81
Pūrongo kaitirotiro Motuhake	82
Wāhanga rima: Tauākī whakatutukitanga	85
Mā tā tātou nopenope ā-mahi e āhei ai tātou te tautoko i ngā pūnaha mātauranga matua me ngā pūnaha umanga	90
Ka tuku haumi tātou ki te mātauranga, whakangungu hoki tua atu i kura tuarua	95
Ngā ākongā Māori, ngā ākongā Moana nui ā Kiwa hoki	123
Wāhanga ono: Tauākī pūtea	131
Wāhanga whitu: Ngā āpitihanga	165
Āpitihanga A: Ko ā mātou herenga hei kaiwhakawhiwhi mahi pai	166
Āpitihanga B: Ko te mana ārahi me te noho haepapa	169
Āpitihanga C: Kuputaka	170

Contents

Part one: Introduction	11
Foreword from Board Chair, Amokura and Chief Executive	14
Part two: Our contribution to government priorities	17
We are focused on delivering equity across the system	18
The delivery phase of the Reform of Vocational Education is nearing completion	20
COVID-19 is having an evolving impact on the tertiary sector and our work	28
Our careers work continued its momentum	32
Part three: Our strategic intentions	35
Supporting all learners to succeed	38
Connecting educators and employers	50
Building provider capability and monitoring performance	58
Increasing research quality and capability	62
Part four: Improving the way we work	69
Statement of Responsibility	81
Independent auditor's report	82
Part five: Statement of performance	85
Our operational appropriation enables us to support the tertiary education and careers systems	90
We invest in all forms of post-secondary school education and training	95
Māori and Pacific learners	123
Part six: Financial statements	131
Part seven: Appendices	165
Appendix A: Our good employer requirements	166
Appendix B: Governance and accountability	169
Appendix C: Glossary	170



Wāhanga tahi:
Kupu whakataki

Part one:
Introduction

He matakōrero nā te Heamana Poari nā te Amokura me te Kaiwhakahaere Mātāmua

He kupu takamua nā te Heamana Poari, te Amokura me te Tumu Whakarae

Tēnā koutou katoa. Nō mātou te ngākau whakahī ki te tāpae i te Pūrongo-ā-Tau a Te Amorangi Mātauranga Matua mō te tau i mutu i te 30 o Pipiri 2022.

He aha te mea nui o te ao?

He tangata, he tangata, he tangata.

Ahakoia te āhua hārukiruki me te tauwhatiwhati o te tau i urupare ai mātou ki te urutā KOWHEORI-19 haere tonu me ngā wero ohaoha, i noho ko te tangata i te haputa o ā mātou mahi katoa. I pūmau tonu tā mātou arotahi, i a mātou e mahi tahi ana me ō mātou hoa puta noa i te rāngai mātauranga matua me te aramahi, ki te whakarato i ngā ratonga ki ō mātou ākongā me ō rātou whānau, ki ngā iwi, ngā hāpori me ngā kaitukumahi.

Putā noa i te urutā KOWHEORI-19 i mahi tahi a TEC me ō mātou kaiwhakarato, umanga rāngai hoki kia haere tonu ngā mahi whakarato ki ngā ākongā me ngā kaimahi kua kore mahi. I āta aro mātou ki te tautoko i te rāngai kia aumangea, kia urutau hoki ki ngā āhuatanga hurihuri o te ao e noho nei mātou.

He mea whakawhāiti ā mātou haumi nā ngā tahua urupare ki te KOWHEORI-19 ki te whakarite kia reri te rāngai mātauranga matua ki te urupare ki te tonu i ahu mai i te nui o te kore mahi i matapaetia, i te tautoko kaimahi kore mahi kia uru ki ngā mahi whakangungu me ngā piatanga, te pupuri tonu i ngā ākongā me ngā pia e ako ana i taua wā, me te whakarite kia whakarato te mātauranga ahumahi me te whakangungu i ngā pūkenga ka hiahia e te ahumahi.

Nā mātou tētahi rōpū Kaiwhakapā Kotahi i whakatū hei tautoko i te ratonga hauora tūmatanui me ngā pūtahitanga mātauranga matua, mā te whakarato i te rōpū kaiwhakapā kotahi mā ngā pūtahitanga mātauranga matua he kaimahi, he ākongā rānei ō rātou kua pāngia e te KOWHEORI-19. Ka whakahohe anō mātou i ngā whakahaere mātauranga matua ki te whakarato tuihono i ngā akoranga ko te korenga e taea o te ākongā te whai wāhi ā-tinana atu ki te mātauranga te take.

I whakarato ā mātou Ratonga Aramahi Hāngai i te ārahitanga aramahi whakawhaiaro ki te hunga e kimi tautoko ana ki te tūhono anō ki te mātauranga, kua riro rānei ā rātou mahi nā te KOWHEORI-19. I hipa atu i te ratonga ngā kawatau, me te aha ka whakarato i ngā wātū aramahi whakawhaiaro 11,614 i tēnei tau.

I te taha o tā mātou urupare KOWHEORI-19 me ā mātou mahi whakaora ka arotahi ki te mahi tahi ki te rāngai ki te tautuhi i ngā panoni pai ki te pūnaha e puta ai te angitu me te aumangea ki ā mātou ākongā ā muri atu.

Hei whakarite kia whiwhi ā mātou ākongā i te tautoko ka hiahia e te ahumahi i te ao mātauranga e mahi tahi ana ki ō mātou hoa i te ao mātauranga matua ki te hanga taiao aro ki te ākongā, e puta ai te ihu o te nui noa ake o ā mātou ākongā, inarā ērā e tino pēhia ana e ngā uauatanga. I oti i a mātou i tēnei tau te kokenga hira ki te whakatūturu i te wāhanga tuatahi o tā mātou hōtaka Angitu Ākongā Ōritetanga, kei roto ko te whakawhanake i ngā Mahere Angitu Ākongā me ngā Mahere Tautoko Whaikaha.

He waiwai te mātauranga me te whakangungu ahumahinga (VET) ki te toiora o ngā hāpori me Aotearoa whānui. Nā ā mātou mahi i te taha o Te Tāhuhu o Te Mātauranga, Te Mana Tohu Mātauranga o Aotearoa, Hīkina Whakatutuki, me te nui hoki o te tautoko mai i te rāngai katoa, kua hira nei tā mātou kokenga i te Whakahou i te Mātauranga Ahumahinga. Kua hangaia e mātou ētahi whakahaere hou, me ō rātou anō tūnga i roto i te pūnaha me te rāngai. I tū mataora ngā Kaunihera Whakawhanake Ohumahi (WDC) i te Whiringa-ā-nuku 2021, me te aha e whakamahi ana a TEC i ngā tohutohu mai i ngā WDC me Ngā Rōpū Kaiārahi Pūkenga ā-Rohe ki te whakatau hokonga me te tuku pūtea.

Kua whakakotahitia e te whakatūnga o Te Pūkenga ngā Whare Takiura me ngā Kuratini 16 katoa ki roto i tētahi tauira āpiti, a, kei te whakarite a Te Pūkenga kia riro i a ia ngā mahi whakangungu mai i ngā Whakahaere Whakangungu Ahumahi Whakawhiti e iwa. Kei te haere tonu tā mātou āta aroturuki i te kokenga a Te Pūkenga.

I a mātou e whakatata ana ki te wāhanga whakapuaki , e neke ana te arotahi ki te kōmitimiti i te pūnaha mātauranga ahumahi me te whakangungu hou.

Hei whakarite kia tautokona te katoa e te pūnaha aramahi kia whiwhi i ngā pūkenga me ngā ara mō te angitu, e mahi tahi ana mātou ki te rāngai ki te whakawhanake i te rautaki pūnaha aramahi ā-motu e whiwhi hua ai te katoa i Aotearoa. Ka āta aro te pūnaha hou ki te whakapakari me te whakarite kia tū pakari te pūnaha aramahi o Aotearoa ki anamata. I te taha o ēnei mahi e tūhonohono ana mātou i ngā tamariki ki ngā tauira tūao hei whakawhānui i ngā kōwhiringa aramahi me te turaki arotoka mā tā mātou hōtaka Whakaohoho Hinengaro mō Āpōpō. Taea noatia tēnei rā kua kukume mai neke atu i te 1,700 tāngata tauira ki te tīmata i tā rātou rēhitatanga.

E whai tonu ana mātou kia noho hei whakahaere e aratakina ana e te Tiriti o Waitangi tērā ka whakahōnore i Te Tiriti o Waitangi me te hāpai i ngā hononga Māori-Karauna mā ngā hononga rangapū ki te tangata whenua, me te whakaea i ngā hiahia me ngā wawata o ngā ākongā Māori, ō rātou whānau, me te kaha tiaki i ngā taonga.

Mō te taha ki te tāmau i ngā whai whakaarotanga ki te ao Māori ki te katoa o ā mātou mahi kua whakapūmau a TEC i tētahi hōtaka mahi – He Marae Tangata, ko te hanga mākohakoha me te panoni i tō mātou ahurea whakahaere te pūtaka. He arotahi tō He Marae Tangata ki te whakawhanake me te whakatipu i ō mātou tāngata, kia noho hei whakahaere aro ki te ākongā, whai i te māna ōrite me te whakaū i ngā ahurea rerekē.

Ka kitea anō hoki tō mātou ū ki te whai i tēnei huarahi mā te whakatūnga o te Amokura, te whakatū i te kaihutūtanga ngātahi i te tēpu Poari.

E whakaata ana ā mātou paetae me ā matou mahi i tēnei tau i te aumangea me te ūnga o ā mātou tangata. Me tino mihi anō hoki ki ā mātou kaimahi tautōhito me te manawanui. Mā ā rātou mahi ia rā mātou e nuku ki te whakatutukinga o ngā putanga e whāia nei mō ngā tāngata katoa o Aotearoa. Ngā mihi hoki ki tō mātou Poari me te Rōpū Kaihautū Matua mō tā koutou ārahi me te whakaruruhau e mārō tonu ai te haere o tō mātou waka ahakoa ngā wā hūkerikeri.



Jenn Bestwick
Heamana Poari,
Te Amorangi Mātauranga Matua



Dr Wayne Ngata
Amokura,
Te Amorangi Mātauranga Matua



Tim Fowler
Kaiwhakahaere Mātāmua,
Te Amorangi Mātauranga Matua

Foreword from the Board Chair, Amokura and Chief Executive

Tēnā koutou katoa, we are proud to present Te Amorangi Mātauranga Matua, the Tertiary Education Commission's Annual Report for the year ended 30 Pipiri 2022

He aha te mea nui o te ao?

What is the most important thing in the world?

He tangata, he tangata, he tangata

It is the people, it is the people, it is the people

Despite an uncertain and disruptive year responding to the ongoing COVID-19 pandemic and economic challenges, people remained at the forefront of our mahi. Working alongside our partners and providers across the tertiary education and careers sector, we remained focused on delivering for our learners and their whānau, and for iwi, communities, and employers.

Throughout the COVID-19 pandemic the TEC has worked closely with our providers and sector agencies to continue to deliver for learners and displaced workers. We focused on supporting the sector to be resilient and adaptive to the changing circumstances we find ourselves in.

Our investment through the COVID-19 response funds was focused on ensuring the tertiary education sector was ready for increased demand as a result of forecasted unemployment, supported displaced workers into training and apprenticeships, retaining existing learners and apprentices, and ensuring vocational education and training delivers the skills needed by industry.

We established a Single Point of Contact team to support both the public health service and tertiary education institutions, providing a first point of contact for tertiary education institutions who had staff or learners that tested positive for COVID-19. We also enabled tertiary education organisations to deliver online to address learners' inability to access face to face education.

Our Direct Career Services provided personalised career guidance to those who were seeking support to reconnect with education or experienced job losses as a result of the impacts of COVID-19. Exceeding expectations, the service provided 11,614 personalised career sessions this year.

Alongside our COVID-19 response and recovery work we also focused on working in partnership with the sector to identify positive system-level changes to enable future success and resilience for our learners

To ensure all learners receive the support they need to succeed in education we have been working with our tertiary education organisation partners to create education environments that are learner-centred and where more of our learners, especially our most disadvantaged learners, can succeed. This year we have made significant progress rolling out the first stage of our Ōritetanga Learner Success programme, which included development of Learner Success Plans and Disability Action Plans.

Vocational education and training is vital to the wellbeing of communities and Aotearoa New Zealand as a whole. Working alongside the Ministry of Education, the New Zealand Qualifications Authority, the Ministry of Business, Innovation and Employment, and with great support from the whole sector, we have made significant process with the Reform of Vocational Education. We have created new organisations, responsible for new roles within the system and sector. Workforce Development Councils went live in October 2021, with the TEC now using advice from WDCs and Regional Skills Leadership Groups to make purchasing and funding decisions.

The establishment of Te Pūkenga brought together all 16 Institutes of Technology and Polytechnics in a subsidiary model, and Te Pūkenga is in the process of taking on arranging training functions from nine Transitional Industry Training Organisations. We continue to closely monitor Te Pūkenga's progress.

As we near the end of the delivery phase, our focus is moving to integration of the new vocational education and training system.

To ensure the careers system supports everyone to gain the skills, knowledge and pathways to succeed, we have also been working with the sector to develop a nationwide careers system strategy that delivers for everyone in Aotearoa New Zealand. The new careers system strategy will focus on strengthening and future-proofing Aotearoa New Zealand's careers system. Alongside this work we have also been connecting children with volunteer role models to broaden career options and challenge stereotypes through our Inspiring the Future programme. To date we have attracted over 1,700 role models to begin their registration.

We continue to strive to become a Te Tiriti o Waitangi led organisation where we honour Te Tiriti o Waitangi and support Māori-Crown relationships by partnering with tangata whenua, meeting the needs and aspirations of Māori learners and their whānau, and actively protecting taonga.

To embed Te Ao Māori considerations across everything we do, the TEC has established a programme of work – He Marae Tangata to build expertise and to transform our organisational culture. He Marae Tangata is focused on developing and growing our people, so we are a learner-centric, equity-minded and culturally affirming organisation.

Our commitment to this journey is also reflected through the role of Amokura, establishing joint leadership at our Board table.

Our achievements and progress this year reflect the resilience and commitment of our people. We would like to acknowledge our talented and dedicated staff, the mahi they do everyday drives us towards achieving the outcomes we seek for all New Zealanders. To our Board and Executive Leadership Team, we thank you for your guidance and stewardship that navigated us through these challenging times.



A handwritten signature in black ink.

Jenn Bestwick
Board Chair,
Tertiary Education Commission



A handwritten signature in black ink.

Dr Wayne Ngata
Amokura,
Tertiary Education Commission



A handwritten signature in black ink.

Tim Fowler
Chief Executive,
Tertiary Education Commission

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

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

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

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

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

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

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

Our statutory functions require us to:

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



Wāhanga rua:
Tō mātou
takohatanga ki ngā
whakaarotau a te
Kāwana

Part two:
Our contribution
to government
priorities

E arotahi ana mātou ki te tuku i te mana ōrite puta noa i te pūnaha

We are focused on delivering equity across the system

Learners and their whānau need an equitable tertiary education system that enables them to participate in and achieve success. To make a real and sustained difference to learner outcomes, we need a transformational shift in the operating model, culture, mindset and attitude in the way organisations approach learner success.

System-level change requires us all to play our part and intentionally design a tertiary education ecosystem that works for all learners.

Responding to the objectives of the Tertiary Education Strategy and National Education and Learning Priorities, our top priority is stewarding a tertiary education system that delivers equity for all learners.

We are using our system-wide levers

Intentional redesign of the system starts with us. We need to use our suite of levers in a deliberate way to support the changes needed across the sector. Our four key levers are:

- › Investment needs to provide the right incentives to all parts of the system to focus on the needs of learners
- › Monitoring needs to be targeted and meaningful. There should be rewards for strong performance and consequences for poor tertiary education organisation performance
- › Careers information and tools need to redress the information imbalance in the system and allow learners and their whānau to make the best education choices for them
- › Our internal capability needs continue to shift to ensure we lead by example and be a learner-centric, equity-minded and culturally affirming organisation, and one that is focused on honouring Te Tiriti o Waitangi and building stronger relationships with iwi.

This year we sent strong signals to the sector and wider stakeholders that learner success is a priority.

Our investment function is prioritising learner success

We embedded Learner Success Plans and Disability Action Plans into our Investment Plan process. In doing so we sent a strong signal that delivering better outcomes for learners is fundamental to our investment. We will use these plans to inform funding decisions and to actively monitor progress against commitments.

Learner Success Plans

Learner Success Plans (LSPs) were the signature focus for the TEC this year. We intentionally mobilised all levels of the organisation to gain tertiary education institution (TEI) Council and Senior Leadership commitment. Our TEC Board of Commissioners met with TEI Councils to set out our expectations. Meetings with Councils were followed up by regular, ongoing engagement from Executive Leadership Team members and teams from across directorates to support the development of LSPs.

Our equity and wellbeing (learner success) work links to two of our *Statement of Intent 2019/20–2022/23 goals*:



Strategic Goal 1: Supporting all learners to succeed. More information about the work we do in Strategic Goal 1 is provided from page 38.



Strategic Goal 3: Building provider capability and monitoring performance. More information about the work we do in Strategic Goal 3 is provided from page 58.

LSPs were submitted and assessed as part of our Investment Plan process. We wanted to ensure learner success approaches were aligned to the provider's strategic intent and to support growth where we have confidence in the LSP.

We set clear expectations that LSPs needed to commit to a learner success approach that will stand each organisation in good stead to achieve equity. For the first time, we will have a timeline for achieving system-level equity. The LSPs will also form the basis for supporting tertiary education organisations to transform their operating models over the next several years.

Disability action plans (DAPs)

Disability Action Plans (DAPs) are a strategy for changing practices of tertiary education organisations to improve outcomes specifically for disabled learners. The key resource to support tertiary education organisations with their DAP development is *Kia Ōrite (Kia Ōrite: Achieving Equity – The New Zealand Code of Practice for an Inclusive Tertiary Education Environment for Students with Impairments)*, a New Zealand code of practice for disabled learners.

This year larger tertiary education organisations were expected to submit draft DAPs, acknowledging that international evidence shows it takes time to develop strong and sustainable plans. We will continue to work with tertiary education organisations to deliver final DAPs.

Building sector capability with our learner success approach

We need to build the capability of the system to put learners and their whānau at the centre. Our learner success approach asks tertiary education organisations to fundamentally change their operating models. In return we need to provide the support, evidence and advice to make this change a reality.

Alongside building relationships across the sector to develop LSPs and DAPs, we have also focused on establishing communities of practice and developing a self-service toolkit to enhance capability.

The LSPs and DAPs provide unique insights into existing sector capability. Our analysis of key themes and patterns will be used to tailor our engagements with each tertiary education organisation to support their individual journey to equity.

The analysis will also feed into work under way to establish communities of practice. Our goal is to facilitate sector-wide communities of practice that support learner-centric innovation, growing knowledge domains and collective learning and practice networks.

Based on feedback from the sector, we are co-designing a new learner success diagnostic tool, which is fundamental to tertiary education organisations being able to understand their capability strengths and weaknesses. The redevelopment of the tool is part of our wider plan to develop a toolkit that will support tertiary education organisations to design and implement learner-centric operating models. The toolkit builds off existing resources and best practices guides for supporting disabled and neurodiverse learners.

Kua tata te wāhanga whakatinana o te Whakahou i te Mātauranga Ahumahinga te oti

The delivery phase of the Reform of Vocational Education is nearing completion

Our focus is shifting to the integration of the new system

The Reform of Vocational Education (RoVE) is delivering the most significant changes to the tertiary education sector in 30 years. It is creating a strong, unified, sustainable vocational education and training (VET) system fit for the future of work and providing the skills that learners, employers and communities need to thrive.

For the RoVE team, the focus in 2022 has been on facilitating system integration. The VET system will only succeed in delivering its intended outcomes if the constituent parts work together beyond their individual roles. The co-operative efforts of the TEC, the Ministry of Education (MoE), the New Zealand Qualifications Authority (NZQA), and the Ministry of Business, Innovation and Employment (MBIE), together with great support, commitment and work done by industry and communities, have largely completed delivery of the core capabilities underpinning the reformed VET system.

RoVE has encompassed eight key areas of change

As we near the end of designing, building and implementing the changes required as part of RoVE, the new RoVE entities are starting to take effect. Both the old and the new are finding and forging new pathways as we work towards an integrated VET system that:

- › is based on collaboration and meets the needs of all learners
- › delivers a consistent experience for learners across Aotearoa New Zealand
- › prioritises traditionally underserved learners (Māori, Pasific peoples and disabled learners) and is relevant to the needs of employers
- › responds to changing regional and industry needs
- › provides stronger industry and regional voices, and
- › upholds its commitment to Māori-Crown relationships and improves the system for Māori — this includes Māori as learners, Māori as employers and Māori as partners.

While further work remains in the year ahead to operationally unify the funding systems and complete the transition of support for workplace learning from Transitional Industry Training Organisations (TITOs) to education providers, our focus is moving to integration of the new VET system.

The Reform of Vocational Education links to two of our *Statement of Intent 2019/20-2022/23* goals:



Strategic Goal 2: Connecting educators and employers. More information about the work we do in Strategic Goal 2 is provided from page 50.



Strategic Goal 3: Building provider capability and monitoring performance. More information about the work we do in Strategic Goal 3 is provided from page 58.

Pre-RoVE state



Future state



Legislated Changes

	Establish Te Pūkenga (New Zealand Institute of Skills & Technology) with 16 subsidiaries	Shift role of supporting workplace learning from Transitional ITOs to providers	Establish 6 Workforce Development Councils (WDCs)	Single funding system with better incentives for equity and workplace learning	Create Centres of Vocational Excellence (CoVEs)	Establish Te Taumata Aronui	Establish Regional Skills Leadership Groups (RSLGs)	NZQA simplifying the design of vocational qualifications
LEAD/SUPPORT AGENCY		TEC	TEC	OPERATIONAL – TEC POLICY – MOE	TEC	MoE	MBIE	NZQA
Progress								
Timeframe	Established April 2020	Due to be completed December 2022	Established June 2021	Implemented for January 2023	Established September 2020	Established December 2019	Established September 2021	

Supporting Work

Shifting the role of supporting workplace learning from Transitional Industry Training Organisations to providers nears completion

The TEC Board of Commissioners has approved 10 of the 11 Transitional Industry Training Organisations (TITOs) transition plans, with the remaining transition plan scheduled for approval in July 2022.

By 30 June 2022, five TITOs had completed transitions to providers. Competenz, NZ Marine and Composites ITO, Connexis, Building and Construction Industry Training Organisation and NZ Motor Industry Training Organisation. Receiving providers included Te Pūkenga's Work Based Learning subsidiary and the private training establishments Skills4Work and Marine and Specialised Technologies Academy of New Zealand.

The remaining transitions for The Skills Organisation Incorporated, Service Skills Institute, Community Support Services ITO Incorporated, New Zealand Hair and Beauty Industry Training Organisation, Primary ITO and Skills Active Aotearoa are all under way or scheduled to occur in the latter half of 2022, with all transitions to be completed by December 2022.

Workforce Development Councils are operational

In June 2021, the Orders in Council for the six Workforce Development Councils (WDCs) were passed into legislation, formalising their establishment. We subsequently facilitated the nomination and appointment processes for members of the six WDC councils and, through the work of the WDC Establishment Unit, enabled the first steps to the WDCs becoming operational. This included supporting the appointment of WDC Chief Executives (who began their roles between September and November 2021), induction events and a draft establishment plan for each WDC, incorporating high-level operational design, including purpose, operating principles and functions.

On 4 October 2021, we reached a significant milestone with the 'go-live' of the six WDCs and the shared services entity Hāpaitia. The responsibility for developing qualifications and setting standards was also transferred from each TITO and NZQA to the relevant WDC on this date. This included the transfer of over 850 qualifications and 14,000 standards.

We also carried out work to design how we will fund, monitor and support WDCs in 2022/2023 and beyond.

In their first nine months since becoming operational, the WDCs have focused on establishing themselves as functional entities. They have been growing their teams and capability, beginning to engage with their respective industries and initiating planning for long-term change.

WDCs now lead the development of industry qualifications — they set industry standards and assess training provision against these industry standards. They also endorse new programmes prior to them being approved by NZQA. WDCs have progressed qualification and standard reviews as expected and have taken a leading role in new areas of work, including providing advice on the future of micro-credentials.

Each WDC works with industry and employers to understand the skills that are needed. This information is passed to providers who are expected to create learning programmes that give people relevant skills to address future workforce needs.



Regional Skills Leadership Groups

The Ministry of Business, Innovation and Employment has set up 15 Regional Skills Leadership Groups (RSLGs) to act as independent advisory groups that are locally based and regionally led. RSLG's are part of a joined-up approach to labour market planning that will see our workforce, education and immigration systems working together to better meet the differing skills needs across Aotearoa New Zealand. They identify and support better ways to meet future skills and workforce needs in their regions, both now and in the future, and advise on actions to address these.

We are using advice from WDCs and RSLGs in making purchasing and funding decisions

WDC and RSLG advice on investment priorities was used for the first time in our Supplementary Plan Guidance released in June 2022 to fund tertiary education organisations.

WDC and RSLG advice has also informed and been given effect through our investment strategy, UFS strategic component funding and Investment Plan evaluation criteria.

The advice is expected to be significantly more robust in the 2024 investment round and in future years as WDCs build industry relationships and their own internal capability and gain access to more fulsome data.

We are starting to see the reforms in action

Energy sector

An example of the collaboration drive by RoVE implementation comes from Taranaki where the local RSLG is working with industry representative body Energy Resources Aotearoa (which represents energy-intensive businesses, from explorers and producers to distributors, sellers and users) and Te Pūkenga on skills development for the energy sector. Energy is a priority sector for Taranaki, with the region facing both significant workforce challenges and major opportunities as Aotearoa New Zealand moves to a low-emissions economy.

The RSLG and Te Pūkenga are supporting a project led by Energy Resources Aotearoa to develop an energy skills action plan. The partnership helped to shape the energy-related actions in the RSLG's recently released Regional Workforce Plan.

Plumbing, gasfitting, and drainlaying sector

Another example of RoVE in action is the innovation brought about by Industry Connection for Excellence (ICE), a private training establishment servicing the plumbing, gasfitting, and drainlaying sector. ICE has introduced mixed reality technology HoloLens in its training delivery. This is a good way to focus on learners' needs, making training more accessible and providing learners with a consistent, coordinated learning experience.

Unifying the vocational education funding system is progressing

We have made significant progress toward implementing the Unified Funding System (UFS) from January 2023. The UFS is the final element of structural change to be delivered as part of RoVE. Its design puts the needs of learners at the centre, encourages providers to make work-based training options available and addresses national and regional skills priorities to better support our economy and communities.

The UFS will apply to all provider-based and work-based learning at certificate and diploma qualification levels 3 to 7 (excluding degree study) and all industry training from 2023.

The UFS has three components that fund delivery, learner and strategic priorities.

These components have been designed to work in delivering against the RoVE outcomes. Implementation of the UFS considers the design of the wider tertiary education funding system. Design work includes developing the operational design and delivery of each of these components, as well as the supporting technology, funding conditions and processes, and monitoring and reporting systems.

Completion and implementation of a long-term technical solution for UFS is a multi-year project extending beyond the life of the RoVE programme. To minimise the change impact on the sector, the initial solution is being deployed for 2023 funding using current technologies.

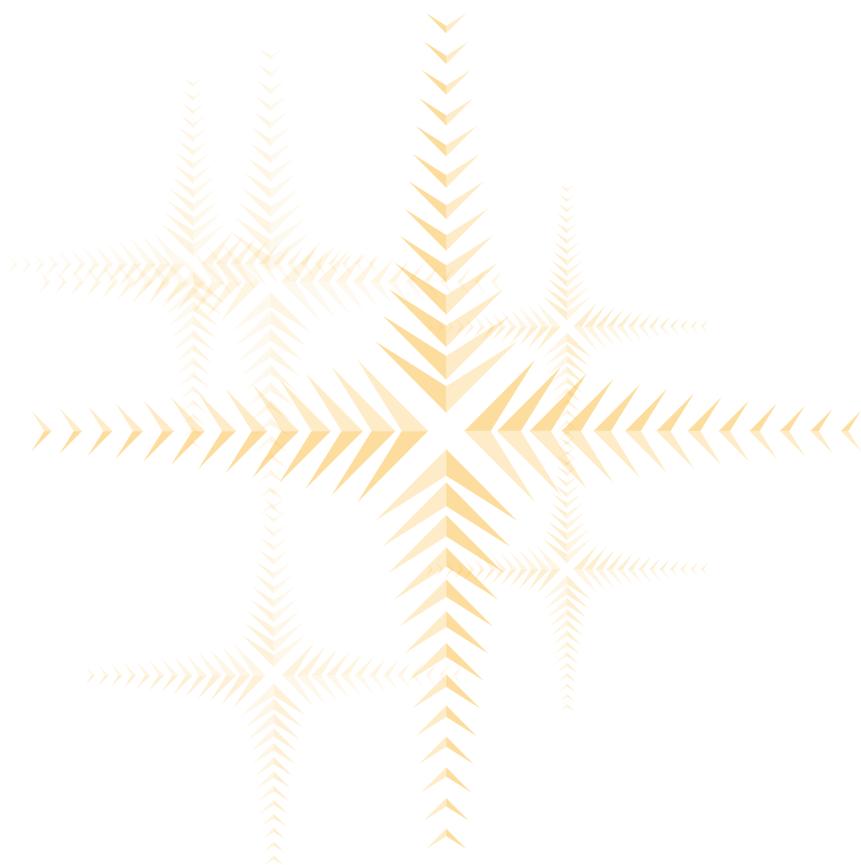
Te Pūkenga transformation continues

Te Pūkenga is a cornerstone of RoVE. Te Pūkenga's objective is to deliver better outcomes for students, industry, and regions, through better alignment of training and education with the skills needs of the workforce, while also being financially sustainable.

The establishment of Te Pūkenga brought together all 16 Institutes of Technology and Polytechnics (ITPs) in a subsidiary model, and Te Pūkenga is in the process of taking on arranging training functions from nine Transitional Industry Training Organisations (TITO). Overall progress in 2021 and the first half of 2022 has been slower than planned, with significant work still needed to integrate these subsidiary entities into a single organisational structure and implement a new operating model that gives effect to the intent of the reforms.

A strategic review of Te Pūkenga's transformation programme was undertaken in February 2022, culminating in a reset to focus on a simplified operating model, a more staggered implementation pathway, and a renewed focus on financial sustainability.

The TEC will continue its dual role of monitoring Te Pūkenga's performance and transformation very closely, while also engaging across all levels to support its transformation and to ensure its integration with other parts of the reforms.



UNIFIED FUNDING SYSTEM

FUTURE STATE

Creating a single unified funding system for vocational education providers that is flexible, transparent, and responsive to learners, employers and communities.

LEARNER COMPONENT



The learner component will:

- Support providers to improve system performance, particularly for learner groups that have not been well served by the VET system
- Better recognises the additional costs for tailoring education delivery and support.

DELIVERY COMPONENT



The delivery component will:

- Recognise the broad differences in delivery costs across subject and delivery modes (e.g. provider-led)
- Incentivise providers to support learners to transition to work-based learning
- Improve the quality and relevance of all provision.

STRATEGIC COMPONENT



The strategic component will:

- Support Te Pūkenga to meet its charter obligations
- Support national and regional skills priorities identified by Workforce Development Councils and Regional Skills Leadership Groups
- Support the costs of programme development and maintenance.

Positive second Treasury Gateway Review of RoVE

In early April 2022, the TEC's Chief Executive, as RoVE's Senior Responsible Officer, received the second independent Treasury Gateway review of the programme governance and progress. The Gateway Review Team was impressed by the amount achieved since the previous review in November 2020, despite COVID-19 disruptions. The review found that the programme remains on track and on budget with the successful roll out of key constituent elements and support for their operational establishment. The review provided six key recommendations for the ongoing success of the programme and system, including ensuring ongoing system-level oversight/stewardship arrangements are in place when the RoVE programme ends in June 2023.

Honouring Te Tiriti

A Te Tiriti-based review to assess RoVE's work to support the Crown in establishing and regulating an education system that honours Te Tiriti and supports Māori-Crown relationships was undertaken between November 2021 and February 2022.

Findings highlighted many positive contributions:

- › Use of Te Tiriti language in the Education and Training Act 2020
- › Establishment of Taumata Aronui to provide independent advice on how tertiary education can better respond to the needs of Māori learners, communities and employers, and help improve learner and community outcomes after Te Tiriti concerns held by Māori were raised during consultation on the reforms
- › Enabling Māori to develop expectations around governance that are more in line with a partnership approach across vocational education
- › Broad representation of Māori in governance across the system means strong Māori leadership is emerging in vocational education
- › Te Pūkenga, through Te Pae Tawhiti (Te Pūkenga Tiriti o Waitangi excellence framework) have had a strong focus on partnership
- › The RoVE programme understood the need for targeted engagement with Māori and has been supported to carry out that engagement
- › The RoVE programme worked with Māori in the sector to co-design Te Tiriti approaches for the WDCs.

The VET system moving forward

Following public consultation in 2021, NZQA and WDCs have progressed work on simplifying the design of qualifications for vocational education through the development of two new education products: skill standards and 'national curricula' (working title).

Across 2022, WDCs and NZQA have jointly led a sector working group for the co-design of skill standards and 'national curricula' to ensure the new education products meet the needs of users. The 30-member working group consists of representatives and technical experts from key stakeholders and partner organisations, including Te Pūkenga, Te Wānanga o Aotearoa, Universities New Zealand, Government Training Establishments, private training establishments, schools and kura, the Tertiary Education Union, TITOs, the TEC and Ministry of Education.

The group has developed design principles for skill standards, a template and worked examples. The work of the group has informed NZQA's upcoming public consultation on Rules for skill standards and 'national curriculum', set for later in 2022 and it is expected that WDCs will begin developing skill standards at the beginning of 2023.

Taumata Aronui

Taumata Aronui aims to ensure that the reform reflects the Government's commitment to Māori-Crown partnerships. A key priority of RoVE is to better recognise the needs of Māori communities and acknowledge that Māori are significant employers with social and economic goals.

Taumata Aronui is advising ministers and officials on how tertiary education can better respond to the diverse needs of Māori learners, whānau, communities and employers.

Taumata Aronui released its 'think piece' Manu Kōkiri – Māori Success and Tertiary Education: Towards a Comprehensive Vision in May 2022.



He pānga tupu tonu te KOWHEORI-19 ki te rāngai mātauranga matua me ā mātou nei mahi

COVID-19 is having an evolving impact on the tertiary sector and our work

Following a strong year of enrolments related to direct government support, closed borders and continued impact of COVID-19 in 2021, the sector is now experiencing reduced demand in 2022. Tertiary education organisations are experiencing pressure due to reduced enrolments and ongoing waves of illness. Our direct COVID-19 response activities and funds are winding down but we continue to be mindful of the ongoing impacts for tertiary education organisations.

Impact on providers and learner enrolments

During the latter part of the 2020 calendar year, the overall number of learners enrolled in tertiary and vocational education increased due in part to the Government's COVID-19 response initiatives. This increase in enrolments continued through into 2021, with significant increases in demand in the Student Achievement Component (SAC) and the Industry Training Fund.

Enrolments in 2022 are down on 2021 but remain higher than in 2020. Based on the enrolment data reported in April 2022, Student Achievement Component level 3 and above learner numbers in 2022 reduced 4.6 percent compared to 2021, with enrolments decreased across all subsectors. However, year to date enrolments in 2022 are 7.1 percent higher than pre-pandemic enrolments in 2020. These trends will be monitored closely following the August 2022 Single Data Return (SDR).

With the continuing and evolving situation with new COVID-19 variants, and other seasonal illness, we are seeing that learner demand and behaviour, both to enrol and complete, are likely to be impacted.

We meet frequently with the sector — often involving student unions and representatives — via numerous engagement modes allowing a more 'live time' approach for discussion to manage risk and find resolution of issues.

The pandemic continues to create a raft of student issues, these issues are amplified by ongoing outbreaks and uncertainty. Student issues include: financial hardship; technology constraints; early withdrawals/postponement of study; the inability to access face-to-face education completion within expected timeframes; vaccination mandates; as well as mental wellbeing and increased pastoral care needs.

We continue to monitor and respond to issues where possible and/or facilitate discussion with providers and numerous stakeholders to support the resolution of student issues.

Our COVID-19 response funds and direct support activities

Workforce Development Council and Transitional Industry Training Organisation COVID-19 Response Projects Fund

The Workforce Development Council (WDC) and Transitional Industry Training Organisation (TITO) COVID-19 Response Project Fund was established in July 2020 to enable TITOs and WDCs to lead response projects that support the recovery of their industries from the impacts of COVID-19. A total of \$16 million was appropriated to the fund through to 30 June 2022.

Over the course of its life, the Fund received 51 project applications from ten TITOs, and 11 project applications from the six WDCs. Of these applications, 15 TITO-led projects were funded, along with ten WDC-led projects. With the fund concluding on 30 June 2022, \$15,936,566 had been paid to the 25 projects. This includes approximately \$9 million to the 15 TITO-led projects and approximately \$7 million to WDC-led projects.

The funded projects have produced a range of outputs, across a significant variety of industries, to help assist with COVID-19 recovery. This has included projects focused on supporting workforce development, highlighting career choices, promoting digital innovation and developing qualifications and training material in direct response to changes brought about by COVID-19. A summary for each of the 25 funded projects is published on the TEC website.

Hardship Fund for Learners

An additional \$25 million of Hardship for Learners (HAFL) funding was made available in the 2021/22 financial year, combined with the \$5 million received in June 2021, to help tertiary education organisations provide temporary financial assistance to their learners who were facing barriers to continuing their study or training due to COVID-19. This covered any basic living costs that the tertiary education organisations' currently enrolled learners were unable to meet, including, but not limited to, food, utilities, rent or other unexpected expenses.

Along with the funding received in June 2021, over \$22 million of hardship funding has supported over 26,000 learners across 66,000 number of instances of support (noting, one learner may receive more than one instance of support). The largest support types distributed in 2021/22 include over \$4.2 million for food support, over \$4.6 million for housing support and over \$1.8 million to purchase technology and other hardware.

A summary for each tertiary education organisation that received HAFL money, and the number of learners supported, is published on the TEC website.

Our pandemic response work links to two of our *Statement of Intent 2019/20-2022/23* goals:



Strategic Goal 1: Supporting all learners to succeed. More information about the work we do in Strategic Goal 1 is provided from page 38.



Strategic Goal 3: Building provider capability and monitoring performance. More information about the work we do in Strategic Goal 3 is provided from page 58.

Targeted Training and Apprenticeship Fund

The Targeted Training and Apprenticeship Fund (TTAF) continues to support learners to undertake vocational education and training without fees from 1 July 2020 to 31 December 2022. Over 2,350 vocational education programmes and qualifications are eligible for the TTAF, including all apprenticeships and those studying in target areas at sub-degree level. This equates to \$196.4 million in funding. More than 215,000 unique learners have been supported by the TTAF, including more than 93,000 apprenticeships (45 percent); 20 percent of these learners identify as Māori, 9 percent Pacific Peoples and 32 percent of all learners are female.

TTAF learners study a wide variety of vocational education and training courses, with the top three areas of study being: Construction (31 percent); community support (19 percent) and primary industries (18 percent).

Note: The above cumulative figures will differ to previously released TTAF information. Numbers can change due to new qualifications/programmes being reviewed or added to the list of TTAF-eligible programmes, reconciliation of the Single Data Return (SDR) and Industry Training Register (ITR) and further data validations.

Single Point of Contact

We operated a Single Point of Contact (SPOC) team in the early months of 2022. This supported both the public health service and tertiary education institutions, by acting as a first point of contact for tertiary education institutions that had staff or learners who tested positive for COVID-19. A dedicated phone number and email address were initially staff seven days a week during the hours of 8am and 6pm.

The SPOC team connected providers with public health units and often supported the sector by working through various process issues. We adjusted through the various phases and scaled up to a larger team as cases swiftly increased, especially in halls of residence.

As the country moved to Rapid Antigen Tests, the sector settled as movement to self-management occurred. We scaled down services accordingly, with the knowledge that we could re-establish them if required.

Other COVID-19 support

Early withdrawals/postponement of study

We facilitated discussions between StudyLink and the New Zealand Qualifications Authority (NZQA) to enable programme extensions with corresponding extensions of student supports, and we worked with NZQA to extend/amend programme durations where possible.

The inability to access face-to-face education completion within expected timeframes

We provided tertiary education organisations a blanket exemption to enable them to deliver online without requiring TEC and NZQA permission. We provided, where possible in line with funding conditions, flexibility to enable offshore learners impacted by border conditions to continue with their study offshore. For example, international PhD students for considered as domestic students. We provided a national picture of students required to move across alert level boundaries to complete aspects of their programmes as a requirement of their overall qualification, for example clinical placements or work experience. Where possible, exemptions were granted on a case-by-case basis.

Vaccination mandates

We facilitated discussions and understanding across and with all subsectors, unions and NZUSA around mandating in line with tertiary guidelines. This facilitation allowed smaller private training establishments, wānanga and Te Pūkenga to learn from universities. Universities were early adopters of mandating and thus were helpfully able to share process steps and consultation methods with smaller tertiary education organisations via facilitated meetings.

Mental wellbeing and pastoral care

We monitored wellbeing and pastoral care via numerous engagement methods and in particular, via student accommodation reporting. We supported providers with accommodation issues that occurred and triangulated with NZQA for pastoral care requirements. Through regular engagement we could identify areas of strain – for example, where learner travel across lockdown boundaries was prohibited thereby causing angst to learners and providers to manage. Pragmatic solutions to allow one-way travel meant tertiary guidance could be amended.

We implemented the second year of the Government's COVID-19 response across the Tertiary Education Sector

Vote Tertiary received significant funding in 2022/23 to continue to support learners and providers through the challenges posed by the pandemic and to ensure progress with the planned changes to the Vocational Education system.

At a high level the COVID-19 funding and investment focused on four targeted areas:

- › **Being ready for increasing student demand.** We received additional grant funding (over four financial years) so that tertiary education providers could respond to any additional demand in priority areas. The additional funding in the 2021/22 financial year has allowed us to increase allocations to tertiary education organisations for an additional 14,000 equivalent full-time students.
- › **Supporting displaced workers into training and apprenticeships.** We continued to allocate Targeted Training and Apprenticeship funding that has allowed vocational education to be Fees Free until the end of 2022. Since inception this fund has enabled over 215,375 learners (of whom just under half are doing apprenticeships), to access Fees Free vocational training.
- › **Retaining existing learners and apprentices.** In 2021/22, we continued to provide financial assistance to ensure students could continue learning while facing hardship and to ensure they had access to technology. The financial support has been distributed to over 26,000 unique learners by tertiary education organisations and includes funding for food support, housing support and hardware purchases.
- › **Ensuring vocational education and training delivers the skills needed by industry.** Since establishment of the six new Workforce Development Councils in June 2021, funding has been used to support the WDCs and a shared services entity 'go live' on 4 October 2021. An enabling platform of capability has been set up (people, process and systems) from which they can grow into fully mature organisations. We supported the transition of functions from Transitional Industry Training Organisations and the New Zealand Qualifications Authority to the WDCs, as well as the establishment plans used to secure funding for their first year of operations.



I koke tonu ā mātou mahi aramahi

Our careers work continued its momentum

The scope and breadth of our careers work has expanded to better support the changing nature of work and the future career needs of all New Zealanders between the ages of 7 and 70+. The focus is to help prepare New Zealanders for the future of work and the post-COVID-19 challenges that lie ahead.

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

For us, this includes:

- › ensuring every learner has the foundation skills they need to succeed at higher levels of tertiary education and find sustainable work
- › making sure learners and employers understand the skills they have now and the skills they need in the future
- › ensuring every learner can easily and affordably access the education and training they need through a range of flexible delivery options at every stage of life, and
- › making sure the tertiary education and careers systems equip learners with skills sought by employers and communities and create easy pathways between education and employment.

Our careers work links to two of our *Statement of Intent* 2019/20-2022/23 goals:



Strategic Goal 1: Supporting all learners to succeed. More information about the work we do in Strategic Goal 1 is provided from page 38.



Strategic Goal 2: Connecting educators and employers. More information about the work we do in Strategic Goal 2 is provided from page 50.

We are working on refreshing the National Careers System Strategy

In 2017, the TEC became the lead government agency responsible for careers after merging with Careers New Zealand. A careers system strategy was finalised in 2019 with input from the education sector, employers, careers practitioners and learners. Many of the initiatives in that initial strategy are now complete or well advanced.

In July 2021 the Minister of Education asked the TEC to lead the collaborative development of a National Careers System Strategy (NCSS). The refreshed NCSS would respond to the needs of the post COVID-19 environment, the maturing of the current Strategy and calls from the sector for us to develop a more broadly scoped strategy. This expected to be completed later this year.

The review of the NCSS aims to:

- › strengthen and future-proof Aotearoa New Zealand's careers system
- › support the system to help New Zealanders make careers decisions, and
- › support New Zealanders to grow the skills and capability needed now and in the future.

The refreshed NCSS will cover the entire careers system, target all New Zealanders, take into account other related government strategies and leverage current data and research to understand what has been working and what can be improved in the system.

Development of the NCSS is occurring in two phases:

- › A 'current state' phase, which details how the careers system currently operates and its operating context, profiles the system's stakeholders and users and outlines how the system is connected to other government strategies and goals (completed in March 2022), and
- › An engagement and strategy development phase where we will seek cross-sector stakeholder feedback on the current state, their desired future state and the strategic focus areas for the careers system (April to September 2022).

The NCSS refresh is expected to be completed late in 2022.

Our collaborative approach

Our role is to both lead and facilitate development of the strategy collaboratively with partners and key stakeholders

Fundamental to the development of the strategy is partnering with Māori to reflect our obligations under Te Tiriti and to understand Māori aspirations and specific needs from the careers system.

We are also working with an advisory panel and other specialist stakeholders through each phase of the NCSS refresh process to ensure that what is being developed takes a broad view of the system, is collectively owned, widely supported and incorporates the full range of initiatives across the careers system.

We have provided successful personalised career guidance services

Launched in October 2020 the Direct Career Service (DCS) has gone from strength to strength over the last year. Nationwide, successfully delivering 11,614 personalised career sessions (106 percent) against a target of 10,860. And 889 additional customers attended DCS events or workshops in the past 12 months.

Service delivery adapted to a blended model in response to ongoing connected.govt.nz site restrictions and national lockdowns. The dedicated phone service provided phone and online appointment options and the regional service pivoted from in-person on Connected sites to multi-channel options of phone, online and, when possible, in-person at community hubs or Connected sites.

The establishment of a dedicated Direct Career Service 0800 number and email improved access that created the roll-on impact of better opportunities for engagement nationally. Additionally, an aspirational programme was piloted with seasonal workers in Hawke's Bay who cycle on and off the Job Seeker benefit.

The Direct Career Service will continue with Ministry of Social Development through to June 2023

The DCS has consistently enjoyed positive feedback from Connected staff, stakeholder agencies, community groups, career practitioners and clients, which has resulted in a further one-year extension granted by the Ministry of Social Development (MSD). They will take ownership from 1 July 2022. We have agreed to support DCS for a further two months to the end of August while MSD procurement processes are completed. This seamlessly transitions the strong position that has been developed with existing community relationships and the reputation for providing quality professional and effective career support.

Widespread positive results from Direct Careers Service

Rangatahi (young people) made up a quarter of the demand in 2021/22, with many seeking support to reconnect with education after the impacts COVID-19 had on their secondary school and tertiary experiences. Thirty-two percent of regional access was Māori and 60 percent of all customers identified as female. The Australian and New Zealand Standards Classification of Occupations skill level of clients highlights the breadth of the audience and the differences in the way people prefer to access service.

Most impressive has been the feedback customers have provided evidencing the positive impact the service has had on their job-seeking behaviours and careers in general. Independent evaluation highlighted that 98 percent of 180 survey respondents considered the service to be excellent, having had their expectations met and exceeded. Ninety percent of customers who completed sessions with a career practitioner committed to applying for work or seeking new work.

"This is an excellent service. Especially good for changing career after all the uncertainty of COVID-19. I have had a few sessions now. She (career practitioner) has helped hugely with putting together job applications and answering interview questions. She has also helped me build self-confidence in my job searching".

Client, a professional temporarily out of work

"A 22 (year old) young woman attended a pop-up session with me. She was extremely low and lacked confidence and skill to undertake job interviews as she had not been successful with five formal interviews. I worked with this person over two sessions focusing on interview techniques. One of the MSD Work Brokers advised there was a vacancy for a Checkout Operator at one of the supermarkets in Queenstown, so assistance was given to prepare this person for an interview which was arranged by the Work Broker. My client conducted herself extremely well where she was successful in gaining full time employment. A great result".

Career Practitioner, Southland/Central Otago



Wāhanga toru:
Ko ō mātou
whāinga rautaki

Part three:
Our strategic
intentions

Ko ō mātou whāinga rautaki

Our strategic intentions

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

In this section we report our progress against the strategic goals set out in our *Statement of Intent 2019/20-2022/23*.



The following strategic goals

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



Supporting all learners to succeed

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



Connecting educators and employers

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



Building provider capability and monitoring performance

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



Increasing research quality and capability

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





Te tautoko i ngā ākonga
katoa kia angitu

Supporting all learners to succeed



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

Work relating to this Strategic Goal includes	found in section	on page(s)
Equity and wellbeing (learner success)	Part Two: Our contribution to government priorities	18 to 19
Our pandemic response work		28 to 31
Our careers work		32 to 34
Our investment round process	Strategic Goal 1: Supporting all learners to succeed	39
Fees Free		46
Secondary Initial Teacher Education		46

Investing in outcomes

In 2021, we responded to significant change and demand. During this time, our investment funding continued to support the tertiary sector through the COVID-19 pandemic and responded to the single largest increase in domestic tertiary and vocational education enrolments in recent years.

This funding and support helped displaced workers into training and apprenticeships, provided hardship funding to support existing learners who may have otherwise exited study due to financial hardship and ensured vocational education and training delivered the skills needed by Aotearoa New Zealand industry and employers.

United Funding System (UFS) policy decisions, modelling and the specific setting of the new fund were also developed during the reporting year and we have engaged with representatives across the sector to develop and refine many aspects of the UFS.

The number of enrolled learners increased significantly

Overall, in 2021, there was strong growth in learner numbers. The impact of COVID-19 continues, with more people taking on tertiary study. Additionally, because of COVID-19 international travel restrictions and uncertainty, many people who may have otherwise travelled or migrated overseas have instead enrolled in tertiary study.

The Meeting Increased Learner Need for Tertiary Education Initiative provided a total amount of \$334.1 million to invest in additional enrolments in Student Achievement Component and Community Education, from 1 January 2021 to 31 December.

The Government's COVID-19 response initiative to support the tertiary education sector included: the Targeted Training and Apprenticeship Fund (TTAF), the Hardship Fund for Learners (HAFL) and the Technology Access Fund for Learners (TAFL).

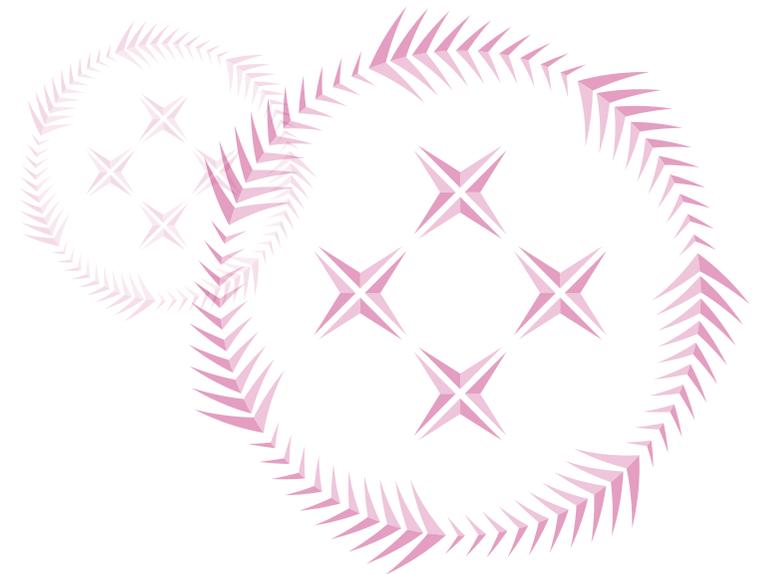
In 2021, the HAFL was extended and a total of \$30 million was allocated to 120 tertiary education organisations to provide financial assistance to learners facing hardship due to COVID-19. Of this total, \$10 million was allocated with the inclusion of technology-related costs and \$20 million was made available for allocation in 2021 in response to the COVID-19 restrictions.

Provider-based enrolments have increased across subsectors

In 2021, overall provider-based enrolments increased by 9.1 percent compared to 2020. This was a significant increase from previous years where enrolments had been gradually declining. December 2021 figures show that the total number of provider-based learners across the Student Achievement Component (SAC), Industry Training Fund and Youth Guarantee funds reached 354,240 learners.

The growth was led by increased SAC level 3 and above enrolments, which were up by 27,490 learners from the previous year. Both Te Pūkenga and the private training establishment subsector saw growth of 12 percent or higher at SAC level 3 and above. The wānanga subsector experienced an increase of 9.1 percent, recovering from a decline from 2019 to 2020. The learner demographics were largely unchanged.

The Industry Training Fund supported 143,145 learners, an increase of 11.6 percent compared to 2020. This was driven by an increase in the number of apprentices, which were up 28.0 percent from 2020 and up 50.6 percent from 2019. The number of female apprentices has increased 57.1 percent, from 7,265 in 2020 to 11,410 in 2021.



Investment and delivery for 2022

Between July and December 2021, we agreed funding allocations for 2022 with all On-Plan providers. Over \$2.7 billion of funding for 2022, to be paid to more than 270 tertiary education organisations, was approved by our delegated decision-makers.

Before making funding recommendations, we checked that the tertiary education organisations had the capability and financial viability to deliver. These were important considerations, given the stress suffered by some organisations because of lockdown and border closures.

While there was a significant increase in enrolments in 2021, projections and enrolments to date suggest that delivery in 2022 will be less than in 2021. Due to this forecast and uncertainty around the continuing impact of COVID-19, the decision was made not to allocate large amounts of additional funding as part of the 2022 investment round. Instead, we have advised providers that, after the 2022 April Single Data Return, we will use a more targeted approach to offering additional funding in 2022.

Investment for 2023

Disability Action Plan (DAP) requirements rolled out to tertiary education organisations

In September 2021, we introduced mandatory DAPs for TEC-funded organisations. DAPs are required as part of tertiary education organisations' Investment Plans. For 2023 funding organisations that receive over \$5 million funding will need to submit a DAP. DAPs are a strategy for changing practices of tertiary education organisations to improve outcomes for disabled learners in their education journeys.

The Kia Ōrite Toolkit is the key resource to support tertiary education organisations with their DAP development

Kia Ōrite: Achieving Equity – The New Zealand Code of Practice for an Inclusive Tertiary Education Environment for Students with Impairments, is a New Zealand code of practice designed to achieve an inclusive and equitable tertiary learning environment for disabled learners to succeed. Kia Ōrite aims to assist a whole-of-organisation approach in taking responsibility for implementing the DAP.

The toolkit consists of five guidance sections to help tertiary education organisations apply good techniques throughout a learner's journey, including management and learning support implementation guidelines to implement best practices.

Learner Success Plans (LSPs) are now a key part of a tertiary education organisation's Investment Plan

For 2023 funding, 74 tertiary education organisations are required to submit an Investment Plan, which includes an LSP as part of their Strategic Intent. Given learner success is a top priority, we also requested LSPs from the three universities that are mid-Plan cycle.

The LSPs will outline how these organisations will implement learner-centric operating models to ensure equity of participation and achievement for all learners. LSPs will include a roadmap and milestones for how each organisation will implement their new operating model and by when.

Tertiary education organisation performance against LSP commitments will be actively monitored and inform the basis of our ongoing relationship with tertiary education organisations, enabling us to provide tailored advice and support where needed.

Workforce Development Council (WDC) and Regional Skills Leadership Group (RSLG) input advice for the 2023 Investment Round

As new leaders in the system, WDCs have a clear mandate to work with employers, industry and communities and translate current and future skills needs into qualifications and credentials that deliver the right outcomes for learners/ākonga. Providers will start to develop programmes using the skills standards designed by WDCs and seek endorsement by WDCs on those programmes before applying to the TEC for funding.

This year has been the first opportunity for WDCs and RSLGs to advise us about our investment in vocational education and training. We received advice in April and June 2022 for investment in 2023. The Supplementary Plan Guidance for 2023 delivery has been shaped by the April advice, signalling to the sector how to develop their Investment Plans and respond to strategic and priority investments identified by WDCs and RSLGs. See pages 22-23 for further information on WDCs and RSLGs.

We have made strong progress to implement the Unified Funding System for 2023 funding

The UFS is the final part of the Reform of Vocational Education (RoVE) and combines the two current systems to create a new unified funding system.

The UFS has three components: funding delivery, learner, and strategic priorities. During the year we have undertaken work to develop the operational design and delivery of each of these components, as well as the supporting technology, funding conditions and processes, and monitoring and reporting systems. We will continue to actively engage and support the sector to enable the successful implementation of the UFS. See page 24 for further information on the UFS.



Our tertiary learners

The TEC's vision and purpose is to put the learner at the centre of our work.
To do this, we need a shared understanding of who our learners are.

61%

WERE NZ EUROPEAN

20%

WERE MĀORI

16%

WERE ASIAN

10%

WERE PACIFIC PEOPLE

3%

WERE MIDDLE EASTERN/
LATIN AMERICAN/AFRICAN

*(Learners can identify as
more than one ethnicity)*

In 2021 there were

476,000 TERTIARY
LEARNERS
IN AOTEAROA

20%

WERE ENTERING
TERTIARY EDUCATION
FOR THE FIRST TIME

55%

WERE 25 OR OLDER

52%

WERE FEMALE

36,000

WERE INTERNATIONAL
STUDENTS

(22,000 fewer than in 2019)¹



Based on 2020 SDR and ITR data, except where noted otherwise: ¹SDR data only; ²2021 IDI data; ³2020 school leavers. *Based on past cohorts.

What were they doing beforehand?



43%

WERE IN WORK



27%

WERE IN SECONDARY EDUCATION



13%

WERE IN TERTIARY EDUCATION



8%

WERE OVERSEAS



7%

WERE ON A BENEFIT



3%

OTHER
(RETIRED, STAY-AT-HOME PARENT, OTHER)

Where and how did they study?



18%

of learners studied extramurally



65%

of school leavers first enrolled in tertiary education in the same region as their secondary school³



144,000

learners were in work-based education (industry training)



Learners studying on campus

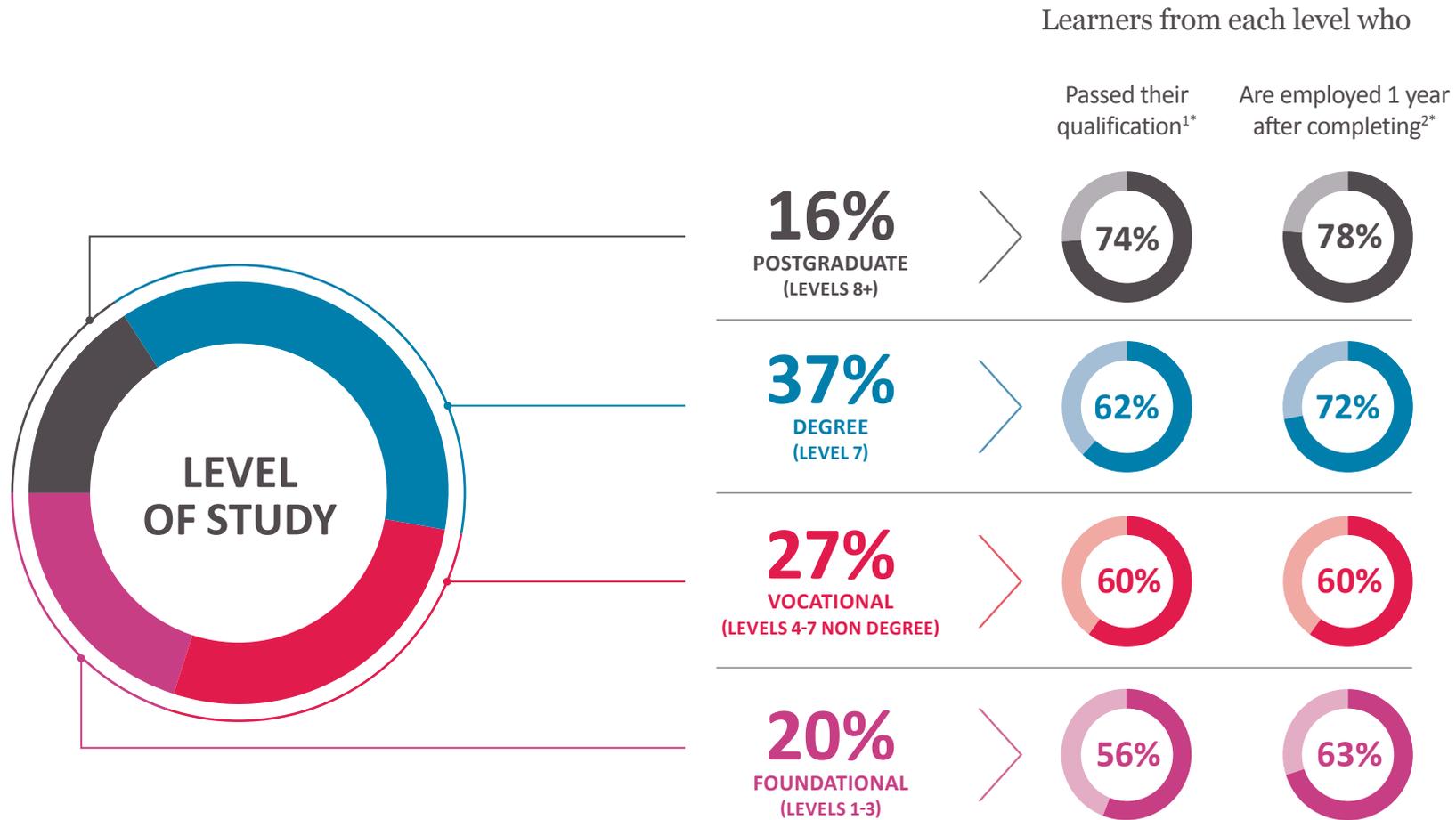
AUCKLAND	29%
WAIKATO	7%
WELLINGTON	12%
CANTERBURY	11%
OTAGO	6%
STUDIED OUTSIDE OF THE MAIN CENTRES	16%



Studied part time¹
(as defined by Studylink)

Studied full time¹

What level are they studying at?



Based on 2020 SDR and ITR data, except where noted otherwise: ¹SDR data only; ²2021 IDI data; ³2020 school leavers. *Based on past cohorts.



We administer the Government's Fees Free tertiary education policy

Fees Free came into effect on 1 January 2018 and provides first-time students at a tertiary education institution or private training establishment one year of free education or two years for apprentices and industry trainees. Since the introduction of the Targeted Training and Apprenticeship Fund (TTAF) in July 2020, Fees Free-eligible learners in TTAF-eligible programmes have had their fees paid out of the TTAF.

We administer all Fees Free payments to tertiary education organisations, paying on behalf of the eligible learners. This has become an increasingly complex job as we have an increasing number of learners with carried-over entitlements, some now spanning four years.

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

TTAF ends at the end of the 2022 calendar year, and we are working with tertiary education organisations to guide them through this process and help them understand which learners are eligible for Fees Free after TTAF has ended. We expect this will cause an influx in learners in 2023 back into the Fees Free initiative to study and bring the number of learners in Fees Free to similar levels of 2019/20.

We are working to increase enrolments in Secondary Initial Teacher Education

We continue to work with the Ministry of Education and tertiary education organisations to increase the number of people training to be secondary school teachers. The Ministry of Education projections suggest a steady growth in the demand for secondary teachers above the projected level of teacher supply, resulting in a potential shortfall of approximately 2,200 secondary teachers by 2025.

The delivery of Secondary Initial Teacher Education (ITE) provision in 2021 (2,069 equivalent full-time students (EFTS)) increased by 662 EFTS from delivery in 2020 (1,407 EFTS), which was a 47 percent increase.

However, in April 2022 early enrolment numbers indicated secondary ITE provision decreased by 323 EFTS (17 percent), compared to the same time last year, from 1,955 EFTS in April 2021 to 1613 EFTS in April 2022. While the values are interim and subject to revision as the information is finalised at year end, they are below the Ministry's target of 1,860 EFTS, by 247 EFTS (13 percent).

Although this is a drop from 2021, enrolments are 33 percent higher than reported in April 2020 and 44 percent higher when compared to April 2019.

We continue to work with the Ministry of Education on approaches to target enrolments in specific teaching subjects that are experiencing shortages.

Te pārongo inenga, ahunga hoki

Measures and trend information

All learners					
Measure	Group	2021			2020
		Target	Result	Actual	Actual
Percentage of students completing qualifications at level 7 degree and above (Note 1):					
	All learners	Improve on previous year's result	Improved on previous year's result	65.8%	64.1%

Note 1 – All students enrolled in a formal qualification at a university, ITP, PTE or wānanga.

Māori and Pacific learners

Māori and Pacific learners have larger representation in the central and upper north island, where the COVID-19 restrictions were more prevalent and had greater impact on learners. These restrictions both reduced the ability for face-to-face learning and impacted learners' personal lives. Many learners will have faced loss of income, increased living expenses and additional personal responsibilities, which impacted their ability to continue learning and complete their courses and qualifications.

Māori learners							
Measure	Group	2021 Parity gap Target	2021 Result	2021 Actual	2021 Parity gap	2020 Actual	2020 Parity gap
Percentage of students completing qualifications at level 7 degree and above (Note 1):							
Māori learners (relative to non-Māori and non-Pacific learners)	Māori	Improve on previous year's result	Not improved	51.0%	-18.2 percentage points	49.6%	-17.7 percentage points
	Non-Māori and non-Pacific			69.2%		67.3%	

Note 1 – All students enrolled in a formal qualification at a university, ITP, PTE or wānanga.

Note 2 – Even though a slightly higher percentage of Māori learners achieved qualifications this year, the parity gap increased. There was a small increase in the percentage of Māori learners achieving qualifications (1.4 percentage points), however, there was a larger increase in the percentage of non-Māori and non-Pacific learners completing qualifications (1.9 percentage points) resulting in a small increase in the parity gap (0.5 percentage point increase).

Pacific learners							
Measure	Group	2021 Parity gap Target	2021 Result	2021 Actual	2021 Parity gap	2020 Actual	2020 Parity gap
Percentage of students completing qualifications at level 7 degree and above (Note 1):							
Pacific learners (relative to non-Māori and non-Pacific learners)	Pacific	Improve on previous year's result	Not improved (Note 2)	47.6%	-21.6 percentage points	49.5%	-17.8 percentage points
	Non-Māori and non-Pacific			69.2%		67.3%	

Note 1 – All students enrolled in a formal qualification at a university, ITP, PTE or wānanga.

Note 2 – The increased parity gap for Pacific learners completing qualifications is reflective of the percentage of Pacific learners completing qualifications decreasing, while the percentage of non-Māori and non-Pacific learners completing qualifications increased. The Pacific learner qualification completion rate decreased by 1.9 percentage points, while the non-Māori and non-Pacific learners qualification completion rate increased by 1.9 percentage points. This led to a 3.8 percentage point increase in the parity gap.

Learning and work decisions

<i>Trend information (no target set)</i>			
Trend measure	2021/22 Actual	2020/21 Actual	2019/20 Actual
The TEC's information and tools assisted people in making learning or work decisions	Learning decision 77%	Learning decision 76%	Learning decision 66%
	Work decision 66% (Note 1)	Work decision 75%	Work decision 50%

Note 1 – In 2020/21, the TEC carried out a light touch version of this survey with a restricted sample (no online panels) compared to the 2021/22 and 2019/20 surveys, which were conducted by an external provider and which included online panels. The decrease in percentage of those making work decisions in 2021/22 compared to the 2020/21 result will likely be due to the change in sample.





Te whakahono kaiwhakaako
ki ngā kaiwhakawhiwhi mahi

Connecting educators and employers



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

Work relating to this Strategic Goal includes	found in section	on page(s)
The Reform of Vocational Education	Part Two: Our contribution to government priorities	20 to 26
Our careers work		32 to 34
Working with our sector partners	Strategic Goal 2: Connecting educators and employers	51
Inspiring the Future		52
Tahatū		53
The VET marketing campaign		55
Centres of Vocational Excellence		56

We have a strong focus on engagement and collaboration with the education sector, industry and iwi to complete the design and build of the online career planning solution (Tahatū)

As part of the development of Tahatū, we are actively engaging with government and industry representatives and have established advisory panels that are designed to foster two-way collaboration and feedback on our product development journey.

The **Government Advisory Panel** is made up of key government agencies to gain input and feedback into design and development and to ensure alignment with changes occurring across the sector. Panel members include the Ministry of Education, Statistics NZ, Ministry for Pacific Peoples, Te Puni Kōkiri, Ministry for Primary Industries, Te Pūkenga, Ministry of Business, Innovation and Employment, Ministry of Social Development, New Zealand Qualifications Authority (NZQA), Oranga Tamariki and Ministry for Women.

The **Industry Advisory Panel** is made up of experts to provide advice into design and development. Panel members include the Career Development Association NZ, Careers and Transition Education Association NZ, BCITO, Think Beyond, The Career Development Company, Water NZ, Primary Industry Capability Alliance, Employers & Manufacturers Association, Kings College, Independent Tertiary Education NZ, Engineering NZ, Pamu Farms, Business NZ and Federated Farmers.

Māori engagement has been led by our Māori Advisors, who have developed a way to incorporate te ao Māori skills and knowledge into the Tahatū occupation database, calling it Kaupapa Māori Occupations. A Māori specialist recruitment agency provided good initial insights into validating Kaupapa Māori Occupations.

The **Kaupapa Māori Occupation team** set up two wānanga to engage with Māori working as Pou Ārahi (Māori Cultural Advisers) and Pou Ako (teachers). These wānanga were held in-person (Pou Ārahi) and online (Pou Ako) and information collated so a profile could be written for each occupation. The Kaupapa Māori Occupation team also socialised their new concept and findings from each wānanga to the industry agencies and government advisory panels.

User testing with **rangatahi** from throughout the country has also been conducted online. Eleven rangatahi, who had been through Māori-medium schooling, and their whānau were interviewed.

We are also committed to running incremental pilots with career advisors and rangatahi to gain insights into design and development of Tahatū. We are calling these pilots 'Tauria testing'.

We continue to actively engage with industry to ensure the best outcomes for **Inspiring the Future** (more on this overleaf). We continue to work with the Ministry of Education for Secondary Transitions to promote the programme within schools and to increase event uptake. We engage with several industry-specific partners to produce Inspiring the Future events and to encourage people in the industry to sign up as role models for the programme, for example, Water NZ, Ministry for Primary Industries and New Zealand Young Farmers. We have also developed new connections with industry groups, associations and employers that aligned with the Workforce Development Councils (WDCs), for example, the Construction Industry Council, the Food and Fibre Sector Establishment Group and Go Tourism.

A key strategic partnership for the programme was **Volunteering NZ**, providing us with research and advice on the world of volunteering. We have also connected and coordinated with Education to Employment brokers and Economic agencies to increase regional connections, to run school events and to increase the number of role model volunteers.

We continually work with other government agencies and industry groups to share careers and tertiary learning-related content and messages through careers.govt.nz, Facebook, regular newsletters and our TEC LinkedIn.

We are inspiring children with future career options

Inspiring the Future (ITF) is a programme to connect children from ages 7-13 with volunteer role models from the world of work, in a fun and inspiring event to broaden career options and challenge stereotypes. Research shows that when students meet workers and hear about their jobs and the pathways they took to get there, it inspires them to consider new possibilities for their futures.

The ITF programme supports our legislative requirements for our careers function. The ITF programme will assist with addressing three of the five objectives in the Tertiary Education Strategy (TES): Learner at the centre; Barrier Free Access and the Future of Learning and Work.

The programme is accessed via an online platform at our inspiringthefuture.org.nz website, where volunteers register to be role models and where schools can login to host an Inspiring the Future event. Schools can select role models in their communities for a physical event or from anywhere in Aotearoa New Zealand for an online event.

To date, we have attracted over 1,700 role models to start the sign-up process on our website, with 546 of those completing their criminal record check process and becoming available on the platform for teachers to view and invite to events. Over the last 12 months, we have continued our marketing and communications approach to raise the awareness and interest with potential volunteer role models across Aotearoa New Zealand.

In April 2022 we were the beneficiary for a Big Bloom Hackathon. Big Bloom brings together teams made up of employees from corporates who want to provide development for them, with a beneficiary that has a challenge to solve through design thinking. Our challenge was *"How can we engage organisations nationwide to encourage their staff to become approved role models for 'Inspiring the Future' events?"* A solution was recommended to us through this process and is currently being developed into a pilot that will be tested in the coming year.

Lockdowns and COVID-19 restrictions through the year meant that a number of speaking opportunities and industry conferences where we planned to profile ITF were postponed, however, we did manage to attend the Water NZ Conference and Expo in May, which provided a good cross-section of employers across the industry.

Following the launch to schools in May 2021, we have surpassed our target of reaching at least six percent school adoption, with a focus on lower-decile schools. We have met that goal, with 125 schools signed up to the Inspiring the Future website. To date, there has been a total of 67 in-person and online events, which equates to approximately 1,500 tamariki benefiting from this.

Over the year COVID-19 lockdowns, and staff and student absences due to illness, have impacted school's scheduling of events. The risk of bringing volunteer role models into schools during these times was also challenging. We recognised that schools needed additional support and encouraged the use of online events, which can be done in an hour or less and do not require as much time organising. To support this, we created a 'how to' video with one of our ITF online events super-user teachers explaining and promoting the benefits of online events to her peers. We also extended the awareness of this option for teachers through advertising aimed at people who work at schools. To further showcase the benefit of online events, we scheduled and hosted ITF events in May 2022 to support NZ Techweek and will continue to encourage the use of ITF events around relevant national events and awareness days linked to the New Zealand Curriculum.

As we acknowledge there are a number of schools who are still unaware of ITF, we are engaging with a number of associations to increase uptake, including the New Zealand Principals' Federation and the New Zealand School Trustees Association. We have also begun analysing the possibility of third-party access to the online platform, so that others can support schools to schedule and host events as well.

Research and platform updates are ongoing to make the experience better for everyone who is involved with ITF.

Tahatū aims to help people confidently make career plans that work for them

Shaping a careers system that delivers lifelong learning and equips learners, whānau and communities for success is a key focus of our careers work programme. Our aim is to help people in Aotearoa New Zealand confidently make career plans that work for them, and Tahatū is a vital online tool to enable this.

Unlike other career planning tools, Tahatū is universal and not limited to a specific pathway, industry or sector, so New Zealanders of all ages will have access to information on education, training and career planning throughout their lives, whenever they may need it.

Tahatū is the next generation online career planning solution and will replace the existing careers.govt.nz website. It will connect occupations, training and study data to help connect employers, government agencies, learners and their whānau, schools and tertiary providers and has been specifically designed with the following key audiences in mind:

- › **Primary audience:** 10-19-year-olds
- › **Secondary audience:** adults not in employment, education or training (NEETs); career advisors; parents and whānau and organisations helping people into work
- › **Priority audience:** Māori, Pacific peoples, females, and disabled people. There is a focus on these audiences as they have tended to have higher rates of unemployment, underutilisation and lower wages than the general population.

Tahatū is a core initiative in our wider careers system strategy and part of our wider COVID-19 response in the careers space, it complements our other careers initiatives:

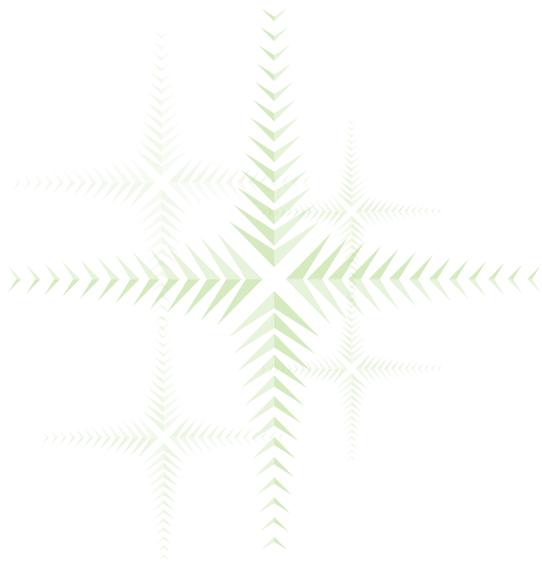
- › **Inspiring the Future:** Tahatū is a complementary tool that helps students identify their potential pathways and create career plans
- › **RoVE:** Creates a platform for clear pathways to jobs and employment, post-study outcomes and providing a framework that highlights jobs, skills and skills transferability for industry
- › **Our equity and learner success initiatives:** Focusing on delivering culturally relevant solutions catered to Māori, Pacific peoples and lower socio-economic segments traditionally underserved.

Over the past year, the Tahatū work programme has focused on building the foundations and making connections with stakeholders and end users

Creating a name and brand narrative

We started the year working with our mātauranga Māori experts and our end user groups to arrive at the website name Tahatū, which means 'horizon'. The name connects with our brand narrative about a lifelong learning journey and heading towards the future. The narrative is also reflected in the Tahatū logo, which depicts Ngā hau e whā or the four winds. The changing winds were one of the tohu (signs) our ancestors read to guide them and Tahatū will help users read the signs around them as they navigate their career journeys.

Interviews conducted with rangatahi, disabled adults, adults not in employment or education and adults thinking of changing their careers enabled us to validate our design direction and deepen our knowledge about the value this brings to end users.



Building the foundations

Tahatū is being developed using an incremental delivery model, with new functionality completed each quarter. Our focus this past year has been on building the website structure and content. That development work is complete and has been tested internally. The second work increment, which incorporates the New Zealand Qualifications Authority tertiary qualification study options, has also been completed.

In preparation for Tahatū Increment Three (Occupations) delivery, the New Zealand Occupations DataSet has been researched and specifically curated to represent the current Aotearoa New Zealand market. Over 1,000 occupations from the American Occupation Classification dataset (O*Net) have been researched and 800 are complete for Tahatū. This is double the size of the existing Occupations database in careers.govt.nz.

Engaging with stakeholders

Our government and industry advisory panels of individuals from across the wider sector, including the Careers and Transition Education Association and Career Development Association NZ, represent subject matter experts who we meet with regularly. Panel members hear project updates and provide expertise, feedback and insights on the proposed solution and the needs of our primary and priority audiences.

Functionality will be tested with career advisors from 23 schools across Aotearoa New Zealand, representative of roll size, decile, region and metro vs rural as part of our testing process called Tauria testing. Tauria is a Māori noun for: student, pupil, apprentice, pattern, example, model, design, draft, sample, specimen, template, skilled person, cadet.

Kaupapa Māori Occupations

A special feature of Tahatū will be Kaupapa Māori Occupations that enable users of Tahatū to find inspiring career opportunities that embrace their unique te ao Māori skills and knowledge. By defining Kaupapa Māori occupations, we have a way to identify and add occupations to Tahatū that emphasise Māori skills and knowledge and show pathways for people to enter them. This is a dataset unique to Aotearoa New Zealand and is suspected to be a world first in the specification of indigenous roles in the workforce.

We will continue with our culturally affirming end-to-end process to identify, research, verify and document Kaupapa Māori Occupations, with a plan to have 10 roles drafted by mid-2023. These include Pouārahi (cultural advisor) and Pouako (Māori teacher in a kura kaupapa school).

Key milestones achieved this year

- › Two Māori Advisors created and defined the concept of Kaupapa Māori Occupations and socialised it with internal and external stakeholders.
- › A flowchart was created to help define if a role is a Kaupapa Māori Occupation, General Occupation with Kaupapa Māori skills or General Occupation. This process will also help future content developers.
- › An end-to-end process on how to run a culturally affirming wānanga was developed. These meetings have been held online and in-person to gather skills and knowledge of roles so that a Kaupapa Māori Occupation profile could be written.
- › A survey to gather qualitative information from wānanga participants was also developed to enable written profiles to be completed.
- › Profiles for Pouārahi (cultural advisor) and Pouako (Māori teacher in a kura kaupapa school) have been written, and a Kaupapa Māori Occupation profile template was created for future content developers to use.

Throughout 2023 we will continue to test and release further features

Upcoming increments will include:

- › other qualifications datasets, including National Certificate of Educational Achievement school subjects and additional vocational training options
- › the New Zealand Occupations DataSet, which has been researched and specifically curated to represent the current Aotearoa New Zealand market, and
- › connecting all of these datasets together to support career pathways and goal-based planning.

Tauira testing and user research with careers advisors, teachers and rangatahi will continue as functionality is built and increments are delivered, to help us prepare for a national school launch in 2023.

We are raising the profile of vocational education and training

The Vocational Education and Training (VET) campaign raises the profile of vocational education so that more people view it as a highly desirable pathway into employment.

The VET campaign targets three key audiences: learners; influencers and employers. Learners include those at secondary school, adult learners and those needing to upskill or retrain, particularly as a result of COVID-19. Influencers includes parents, whānau, teachers and career advisors. The campaign also has a focus on Māori, Pacific peoples, disabled people and women.

Following the campaign's launch in November 2020, The Research Agency (TRA) undertook quantitative research to measure campaign performance. Results from TRA's research report found that the campaign had achieved substantial reach and gained strong momentum, driving significant engagement and positive shifts in the perception of vocational education and training.

In March 2022, further quantitative research was carried out to understand and measure the ongoing performance of the campaign. This research found that the campaign continues to have a positive impact, with almost all perception and participation shifts remaining above pre-campaign levels.

Television activity has been key to delivering equitable reach to our priority audiences. To date television activity has reached:

- › 66 percent of Māori or Pacific peoples aged 16-64 years (351,782)
- › 74 percent of women 16-64 years (1,169,341)
- › 71 percent of Māori or Pacific women aged 16-64 years (285,574).

The campaign continued to see viewership increase month on month in 2022. The campaign video has now been watched just under 11.5 million times and people have interacted with vocationnation.govt.nz more than 1.5 million times.

The VET campaign was able to respond to ongoing skills demands by leveraging regional and industry data. This activity reached more than 976,000 people via social media and drove more than 22,000 clicks through to vocationnation.govt.nz.

The campaign continues to have a positive outcome across all audiences, especially amongst Māori and Pacific peoples. It is changing perceptions and this transfers through to behaviour and the likelihood of participation.

RoVE hui

In April 2022, over 240 stakeholders attended a RoVE system hui. The purpose of the hui was to provide an opportunity for RoVE sector groups to come together and see how they are each contributing to the vision of the new VET system.

Presenters and attendees included representatives from education agencies, tertiary education organisations, WDCs, RSLGs, schools, learner forums and associations, unions, employer associations, chambers of commerce and others interested in or participating in the reforms.

The Centres of Vocational Excellence are driving innovation and excellence in vocational education

Centres of Vocational Excellence (CoVEs) are a key feature of RoVE, designed to help drive innovation and excellence in vocational education. By partnering with their industries and communities, CoVEs work to identify, create and share high-quality curriculum and programme design.

In late 2020, two pilot CoVEs were established; the Construction CoVE, hosted by the Manukau Institute of Technology, and the Food and Fibre CoVE, hosted by the Eastern Institute of Technology. Both CoVEs are funded by the TEC through to 2025.

With their first year of operation largely focused on establishment, the 2021/22 fiscal year presented the CoVEs with an opportunity to expand and progress their core work programmes. This has resulted in the delivery of a number of foundational projects designed to understand the current state of vocational education and has led to a growing portfolio of collaborative projects to be completed in 2022/23.

Since the establishment of Workforce Development Councils (WDCs) in late 2021, the CoVEs have also begun to work closely with their respective councils. The CoVEs' research work identifies skill and training issues in the primary and construction sectors and directly supports the skills leadership and advisory functions of the WDCs.

Despite positive progress, the ongoing disruption of COVID-19 through the 2021/22 fiscal year has highlighted the importance of innovation in vocational education and training. This has been a key learning for the CoVEs over the past year and has resulted in a new approach to their work programmes that is adaptable to the changing needs of learners, industry and employers.



Te pārongo inenga, ahunga hoki
Measures and trend information

Improving connections			
Measure	2021/22 Target	2021/22 Actual	2020/21 Actual
Key stakeholder satisfaction that the TEC has helped improve connections between schools, tertiary education organisations and employers	Maintain or improve on previous year	Maintained (32%)	32%



Te whakakaha ake i te āheinga
kaiwhakarato me te aroturuki mahi

Building provider capability and monitoring performance



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

Work relating to this Strategic Goal includes	found in section	on page(s)
Equity and wellbeing (learner success)	Part Two: Our contribution to government priorities	18 to 19
The Reform of Vocational Education		20 to 26
Our pandemic response work		28 to 31
Monitoring tertiary education organisations	Strategic Goal 3: Building provider capability and monitoring performance	59
Building wider sector capability		60
TEC is ready for RoVE		60

We monitor the organisations we fund to support learner success and ensure accountability for public funding

We work closely with the organisations we fund to monitor their compliance with funding rules, financial performance, and governance and management. Our monitoring provides assurance that tertiary education organisations use government funding appropriately to support learner success. Our monitoring responds to risks at both the tertiary education organisation and system level and enables us to provide support and guidance to the sector to help strengthen performance.

We are continuing to work closely with funded providers to assess the ongoing financial impacts of COVID-19 and their recovery plans. We meet regularly with university and Te Pūkenga senior management to understand their financial positions and operating contexts, as well as the unique challenges each institution is facing. We assess the financial viability of all funded private training establishments and provide support on a one-on-one basis as required.

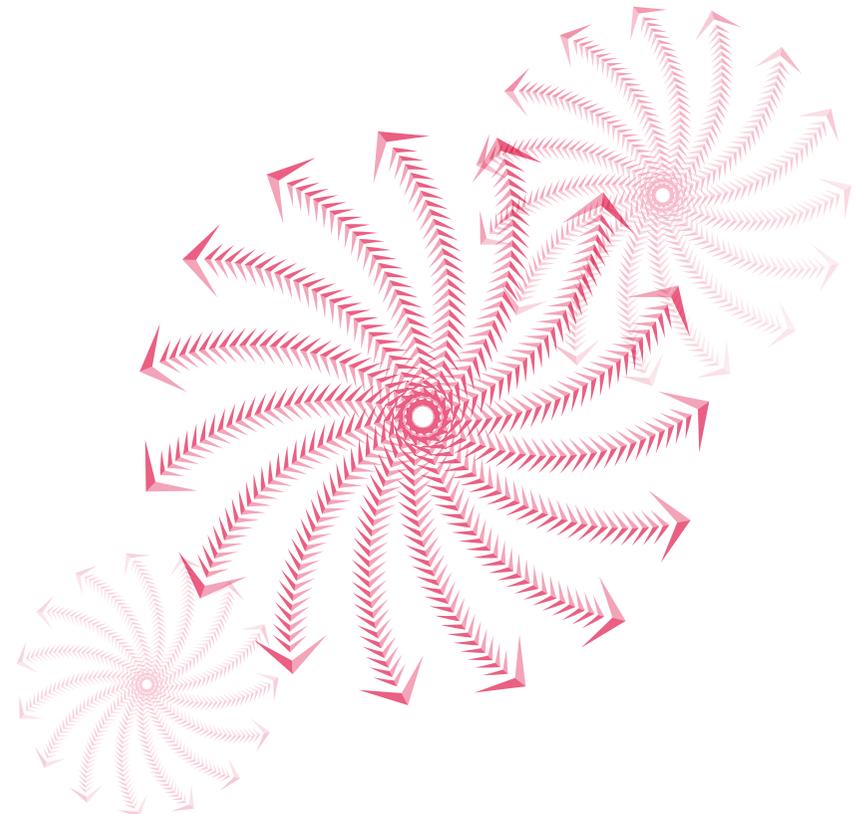
We have continued to support and monitor Te Pūkenga's educational performance and overall transformation to ensure that it can achieve and deliver on the wider benefits sought through the Reform of Vocational Education. Formal advice is provided to the Minister of Education, on a quarterly basis.

As part of the ongoing Reform of Vocational Education, we have also worked closely with Workforce Development Councils (WDCs) since their establishment in October 2021. In addition to supporting their establishment phase, we have implemented processes to monitor WDCs' financial performance and governance, to provide assurance that they are well placed to deliver on their operational plans.

We continue to regularly audit funded tertiary education organisations, with a focus on building provider capability and ensuring compliance with funding rules. Investigations are undertaken as required and reports published on the TEC website to provide transparency and to help disseminate the learnings from our monitoring.

In addition to monitoring funded organisations, we also monitor provider and learner behaviour to maintain the integrity of the Fees Free scheme. As part of updates made for 2022, we added terms and conditions to the statutory declaration process to provide learners more clarity on the eligibility criteria and ensure they understand their obligations before making a statutory declaration. The changes continue to be effective as the number of identified false statutory declarations continues to fall.

To date our monitoring has identified over 801 false statutory declarations, which remains a small percentage of the statutory declarations processed by the TEC since Fees Free was implemented. Where false declarations are identified, the TEC responds using a graduated approach. Most result in the issuing of a caution or warning, although we can prosecute cases where there is clear evidence an offence has been committed. To date, the TEC has undertaken four prosecutions, each of which was successful.



We support the tertiary education sector to build its capability

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

During 2021/22, we published monitoring updates with guidance to the sector on a variety of topics, ranging from reporting codes in the Single Data Return, the addition of terms and conditions in the Fees Free statutory declaration process, clarification on compulsory course costs, making changes to delivery sites, the impact of zero fees courses on Fees Free and making refunds to students in the Targeted Training and Apprenticeship Fund. We also republished an updated Governance Guide to take into account legislation changes.

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

Our role includes advising the Minister about his appointments to governing councils in the tertiary education sector and managing the process of appointment on his behalf. In 2021/22, the 16 Ministerial appointments that fell due were all for university councils – with three appointments for Victoria University of Wellington and the University of Waikato and either one or two at all other universities. We maintained gender balance in the appointments, with 50 percent of the appointments being women. We also provided advice on appointment processes for Workforce Development Councils (WDCs), two of which had Ministerial appointments due at the end of June 2022.

In response to the ongoing pandemic, we began a new programme of online webinars for council members to replace the in-person briefings held in Wellington until 2020. During the year we held six half-day webinars. These included three sessions for the council members of universities, wānanga and Te Pūkenga, and two sessions for members of WDCs. In partnership with the executive of the New Zealand Union of Student Associations (NZUSA) and Te Pūkenga we also ran a webinar for students in governance roles. This event was in support of NZUSA's Whiria ngā rau – Progressing from student voice to partnerships. We plan to include further sessions for students in governance roles in our ongoing annual governance programme.

The response to webinars was totally positive, with many participants confirming the relevance to their governance roles. Although some attendees would prefer the resumption of in-person briefings, webinars considerably extended our reach with a greater number of participants possible than if held at a Wellington venue.

We ensured that the TEC is ready for RoVE

We set up an internal project in March 2021 to enable our operational readiness for the reformed vocational education system. The project was closed on 30 June 2022, after handing over all ongoing activities to our business teams.

Overall, the project was delivered successfully. It delivered its milestones within approved budget, timeframes and in alignment with the project's approved purpose, outcomes and objectives. All project outputs were successfully integrated back into our 'business as usual' operating model or handed over to the appropriate team business owner to progress further design.

Achievements include:

- › enabling the establishment of WDCs in October 2021 and designing how the TEC funds, monitors and supports WDCs in 2022/2023 and beyond
- › working with teams across the TEC to deliver the first five Transitional ITOs into Te Pūkenga and other receiving organisations
- › setting the TEC up to support the remaining seven transitions throughout 2022
- › designing the engagement and reporting relationship between the TEC and RSLGs and WDCs
- › analysing and making recommendations to 'business as usual' teams on data and information and sharing between the TEC and other RoVE entities, and
- › working with the RoVE programme to communicate with and upskill TEC teams on what's happening with RoVE and what the changes mean to them.

Te pārongo inenga, ahunga hoki

Measures and trend information

System-wide reviews and educational activities			
Measure	2021/22 Target	2021/22 Actual	2020/21 Actual
At least three system-wide reviews completed each year and results shared with tertiary education organisations (Note 1)	Achieved	Not Achieved (2 reviews)	Not achieved (2 reviews)
At least three educational activities undertaken each year to support the capability of tertiary education organisations and provide information and guidance on their obligations (Note 2)	Achieved	Achieved (9 activities)	Achieved (5 activities)

Note 1 – We have completed two system reviews this year both relating to private training establishments (PTEs). One is to review our monitoring of the PTEs we have classified as a high financial viability risk and the other examined PTEs that were forecasting underdelivery against full-year delivery targets for 2021 and the potential interventions.

The High Risk PTEs review identified that there were three improvement opportunities that could be implemented to improve how we monitor high-risk providers. We have since been undertaking additional work to understand how we can strengthen the end-to-end process of PTE financial monitoring through the implementation of new technology, which should see an uplift in our efficiency, freeing up capacity to focus on emerging risks and issues the sector is facing.

The review of PTEs forecasting underdelivery allowed us to realign investment decisions for 2022 for a number of providers – effectively readjusting to manageable levels to ensure less risk of future underdelivery.

We have two other system reviews that have not been completed. One (a review of how we audit Employer-led Workplace & Literacy) is currently under way having been put on hold due to lockdowns in late 2021, the other (a review of Pre-purchased English tuition) is currently on hold as we wait until resource is available.

Note 2 – The nine activities undertaken included webinars, monitoring updates and information sheets. Webinars on Crown governance were held for council members of tertiary education institutions, students in leadership roles and for members of the new Workforce Development Councils (WDCs). The WDC webinar for chairs, co-chairs and deputy chairs focused on accountability, with contributions from the Office of the Auditor-General and from the TEC on monitoring. We provided an information sheet on fees for the council members of WDCs to explain the application of the Cabinet Office Fees Framework to the WDCs. We also published monitoring updates providing guidance to the sector on changing delivery sites, in-year funding changes, the interaction of Fees Free with zero-fees courses, and the Targeted Training and Apprenticeship Fund.



Te whakarahi ake i te kounga o
te rangahau me te āheinga hoki

Increasing research quality and capability



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

Work relating to this Strategic Goal includes	found in section	on page(s)
The Performance-Based Research Fund	Strategic Goal 4: Increasing research quality and capability	63
Entrepreneurial Universities		64
Centres of Research Excellence		65
Centres of Asia-Pacific Excellence		66

Encouraging and rewarding excellent research

The Performance-Based Research Fund (PBRF) is the TEC's second largest fund, allocating \$315 million annually. The PBRF encourages and rewards excellent research in the tertiary education sector. It does not fund research directly but supports research capability and activities, including postgraduate-level teaching support.

The PBRF is open to tertiary education organisations with Level 7 and above degree-granting authority. This includes universities, Te Pūkenga, wānanga and several private training establishments. Following the conclusion of the six-yearly Quality Evaluation round in 2019, the number of tertiary education organisations eligible to receive PBRF funding increased from 27 to 35. The creation of Te Pūkenga means the number of participating tertiary education organisations is now 22.

The PBRF's three funding components are the Quality Evaluation at 55 percent of the fund, Research Degree Completions at 25 percent and External Research Income at 20 percent.

- › The **Quality Evaluation** component encourages and rewards the quality of research of individual academics at eligible tertiary education organisations, as assessed by expert peer review panels. The next Quality Evaluation will be held in 2026, after having originally been scheduled for 2024.
- › The **Research Degree Completion** component supports tertiary education organisations in their training of the future research workforce. Funding is based on the number of eligible postgraduate research-based degrees completed.
- › The **External Research Income** component rewards organisations for securing other research funding, by allocating PBRF funding in proportion to the income reported to us.

Implementing the PBRF review

Following the Ministry of Education-led independent review of the PBRF in 2019/20, Cabinet decisions on changes to PBRF were made in May 2021. Cabinet decisions for the PBRF broadly followed the review recommendations, including some significant changes:

- › A new objective and three new principles for the fund focused on equity and diversity, as well as Te Tiriti o Waitangi and the Māori-Crown relationship
- › Increased support for Māori research and researchers through an uplift in funding weightings applied to research submitted to the Māori Knowledge and Development panel and research submitted by Māori researchers
- › Increased support for Pacific research and researchers through an uplift in funding weightings applied to research submitted to the Pacific Research panel and research submitted by Pacific peoples researchers.

Cabinet tasked the TEC with working with the sector to design and implement a number of changes. During 2021/22, we convened a Sector Reference Group (SRG) to lead this consultation process, which started in September 2021 and will conclude in August 2023. The SRG is responsible for making recommendations to us on the operational design of the Quality Evaluation 2026, through analysis, public consultation and the development of recommended options. An SRG has been convened for each Quality Evaluation to date, comprising researchers, research leaders and other relevant stakeholders from across the sector.

Cabinet also directed the TEC to consider how best to appoint a Sector Reference Group for the Quality Evaluation 2026 that demonstrated a strong commitment to Māori-Crown partnership and comprised a diverse membership. In convening the SRG, the TEC has implemented a co-chair model and worked with Māori research leaders to ensure an appointment process and terms of reference that better reflect a kaupapa Māori approach.

First in-principle decisions

During 2021/22, the SRG has consulted on, and made recommendations to, the TEC about:

- › revised PBRF definitions of research, excellence and impact to more fully reflect the diversity of research excellence across the sector
- › revised Quality Category descriptors, and
- › changes to the design of Evidence Portfolios to enable a shift from Nominated Research Outputs to Examples of Research Excellence.

We made a first set of in-principle decisions based on the SRG’s advice to date and we published these in June 2022.

As the SRG concludes its work, consultation will lead to the TEC confirmation of other matters directed by Cabinet, including:

- › revised criteria for defining new and emerging researchers, and
- › a ‘merit relative to opportunity’ concept for recognising the diverse circumstances that can impact researchers’ activity and output. This is intended to support more equitable and inclusive outcomes for researchers, including those with disabilities, caring responsibilities and for part-time researchers.

Final guidelines will be published in 2023/24.

We funded nine Entrepreneurial University programmes

The University-Led Innovation initiative has funded nine Entrepreneurial Universities programmes, which run for around four years each. Five are based at the University of Auckland, two at the University of Waikato and one each at Victoria University of Wellington and the University of Canterbury.

Several of the programmes are in information and computing sciences – artificial intelligence, human-centred computing that captures people’s physical and emotional behaviours, big data, gaming, and media technologies. The others are in aquaculture, additive manufacturing (including fabrication by 3-D printing) and space engineering. All are aimed at developing modern industries and businesses for Aotearoa New Zealand, based on high-quality research and an entrepreneurial approach.

Early successes include:

- › the spinout company Kiwrious that is producing a well-supported kit of six inexpensive sensors that allows students to measure the world around them, in and out of the lab
- › the new and fully operational Facility for Aquaculture Research that allows various species of seaweed to be grown for the supply of biomass to potential commercial ventures, including Māori businesses, for applications such as growing and synthesising bioproducts
- › manufacturing of heat exchangers by 3-D printing, where the controlled production of fine channels produces a more efficient product than that achieved by conventional manufacturing techniques
- › state-of-the-art technology in extended reality that allows a remote participant to feel that they are part of a live event, and
- › a video conferencing platform that supports the sharing of live 360-degree video, which provides, for example, more immersive virtual tour experiences than traditional methods.

Newly selected Centres of Research Excellence complete their first year

The Centres of Research Excellence (CoREs) are cross-institutional collaborations that support world-leading research that improves the wellbeing of New Zealanders. Additional activities of the CoREs include training, sharing knowledge with the public, informing policy and fostering innovative ventures, such as start-up companies.

There have been four rounds of funding since the inception in 2002. Funding is \$50 million per annum, shared between ten CoREs that started their current contracts in July 2021.

2022 marks the 20th anniversary of four CoREs: Ngā Pae o te Māramatanga, specialising in Indigenous research; The MacDiarmid Institute, specialising in new materials for sustainability; The Maurice Wilkins Centre, specialising in serious human disease and Bioprotection Aotearoa, specialising in protection from pathogens, pests and weeds in a warming climate.

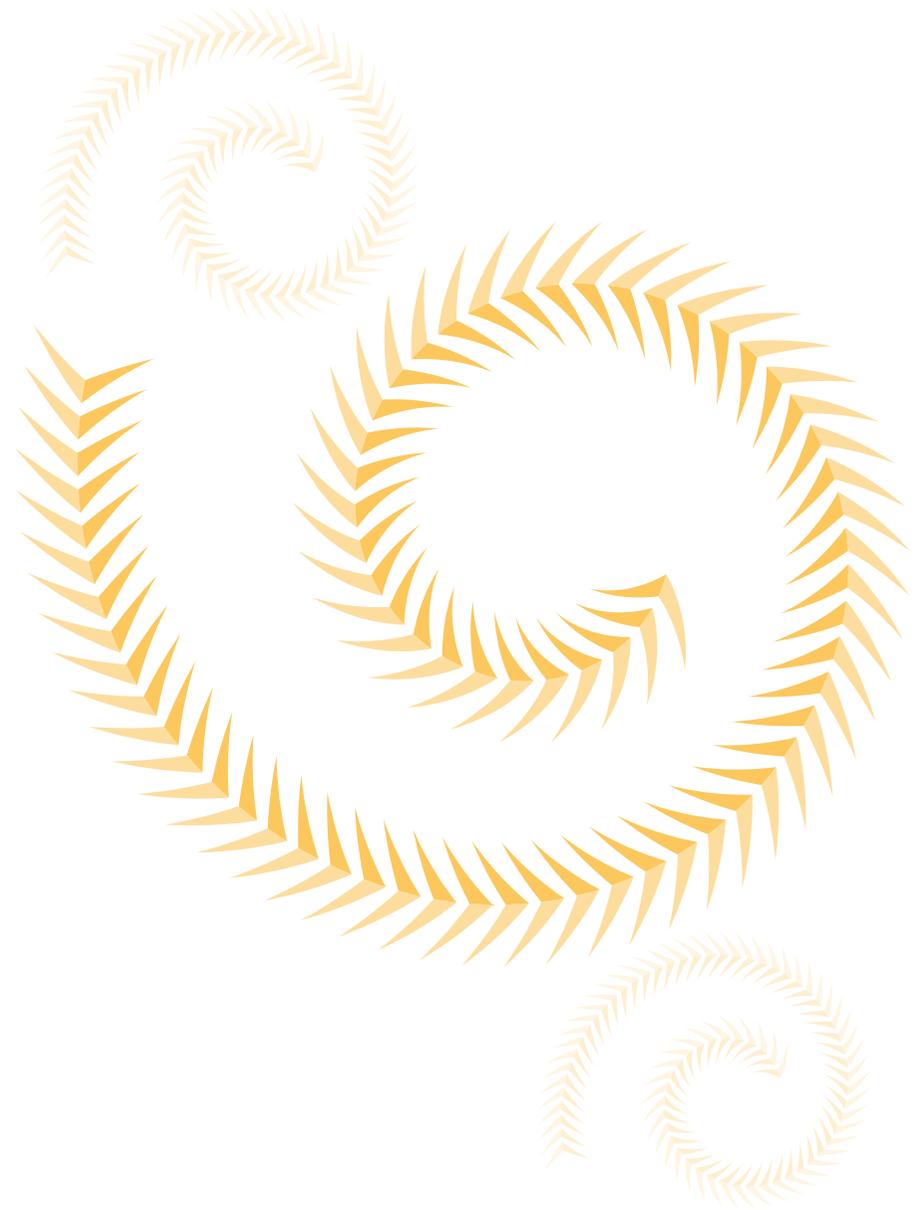
There were two new CoREs selected to start in 2021, both characterised by a high degree of community involvement.

Coastal People: Southern Skies is a collaboration that connects communities across Aotearoa New Zealand and the South Pacific with world-leading, cross-disciplinary research to support coastal ecosystems. Many of the projects are community-based, co-designed and delivered in partnership with coastal communities.

Pūtahi Manawa aims to achieve equity in heart health for Māori and Pacific peoples, as well as improved wellbeing for all. It brings together research scientists, clinicians, educationalists and communities, researching from within the worldview of the people for whom it aims to achieve the greatest impact.

Other CoREs include the Riddet Institute (food and nutrition), Te Pūnaha Matatini (solving complex problems) and Te Hiranga Rū QuakeCoRE (earthquake resilience).

While there are highlights right across the CoREs, the breadth of activity can be illustrated by the work using lasers of the Dodd-Walls Centre for Photonic and Quantum Technologies. Research by Professor Niels Kjaergaard and Dr Amita Deb to understand fundamental aspects of the behaviour of particles was a finalist as “2021 Breakthrough of the Year” for “Physics World” magazine. While, in the applied area, Dr Michel Nieuwoudt is using her expertise to build a portable laser device to diagnose skin cancer.



Centres of Asia-Pacific Excellence are delivering on their mission

The mission of the Centres of Asia-Pacific Excellence (CAPEs) is to utilise university expertise and networks to create a step-change in New Zealanders' Asia-Pacific skills and knowledge to support greater economic growth and wellbeing. The CAPEs have four priorities:

- › in **business**, enabling Aotearoa New Zealand to engage effectively in the Asia-Pacific region, with a focus on building capability in small-to medium enterprises, Māori businesses, students and young professionals
- › in **education**, deepening New Zealanders' understanding of cultures and languages and building global citizenship
- › in **thought leadership**, strengthening the dissemination of university-based knowledge to inform policy and decision-making, and
- › in **connectivity**, drawing on local and global university networks to enhance connectivity between government agencies, business, education, iwi and communities, to deepen engagement with the Asia-Pacific region.

Established in 2017, the CAPEs receive \$10 million per annum, split between the North Asia, South-East Asia and Latin America CAPEs. In 2021/22, almost 250 events were attended by more than 8,000 people (50 percent up on last year). In addition, a further 130,000 people downloaded CAPE resources, videos and podcasts or attended public events where the CAPEs were represented.

Examples of innovative programmes are...

The South-East Asia CAPE's Tertiary Market Immersion Programme (in which visits to companies, mixed with culture and language learning, help participants understand the reality of exporting), North Asia CAPE's BizVenture Japan (in which New Zealand and Japanese students increase their understanding of Japanese culture and markets over a weekend-long exploration of a business opportunity) and the Latin America CAPE's Winds of Change (which connects young professionals to solve climate challenges common to Aotearoa New Zealand and Chile). Across the CAPEs, Ngā Hononga-ā-Kiwa continues to improve business capability for Māori tertiary students and businesses and offers them connections and engagement with the Asia-Pacific region.



Photo credit: cape.org.nz – BizVenture Japan

Te pārongo inenga, ahunga hoki

Measures and trend information

Centres of Research Excellence			
Measure	2021/22 Target	2021/22 Actual	2020/21 Actual
The TEC works with the Ministry of Education to undertake agreed reviews of Centres of Research Excellence (CoREs) performance against fund criteria	Achieved	Not able to be measured as no reviews undertaken (Note 1)	No reviews undertaken

Note 1 – No CoREs review was undertaken in 2021/22. Ten CoREs are funded from July 2021 to December 2028. A mid-term review will be undertaken in 2025 to assess if each CoRE has made satisfactory progress against its three-and-a-half-year Plan (July 2021 – December 2024).

Research degree completions			
Measure	2021 Target	2021 Actual	2020 Actual
Research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions) (Note 1)	Previous year actual $\pm 5\%$	3,836 (Note 2)	4,076

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 – 2021 Research Degree Completions did not meet the target of $\pm 5\%$ on the previous year. Research Degree Completions decreased by 5.9% between 2021 (3,836) and 2020 (4,076). COVID-19 lockdowns significantly impacted research activity for students. Extensions to qualification completion were granted to affected students.

External research income

<i>Trend information – no target set</i>			
Measure	2021 Actual	2020 Actual	2019 Actual
Percentage increase in amount of external research income for PBRF-eligible providers (Notes 1 and 2)	8.58%	0.94%	2.95%

Note 1 – The External Research Income (ERI) is a measurement of the amount of income for research purposes received by participating tertiary education organisations from external sources, assessed on an annual basis.

Note 2 – In 2021 PBRF-eligible providers earned External Research Income (ERI) of \$660.9 million (\$608.7 million in 2020) with all sectors increasing their ERI against results for the previous year. Compared to 2020, 2021 ERI component earnings increased across New Zealand government contestable, New Zealand non-government income and Overseas research income by 13.6%, 25.1% and 8.8% respectively. New Zealand public sector contract research decreased by 15.4%.





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

Part four:
Improving the
way we work

Kua tīmata tā mātou haerenga Tukuwaro Kore We have begun our Carbon Neutral journey

The Government has established the Carbon Neutral Government Programme (CNGP) to accelerate the reduction of emissions in the public sector to be carbon neutral by 2025. Crown Agents are directed to comply with the CNGP requirements from the 2022/23 financial year.

We have already begun this journey. In 2020, we undertook an initial measurement of our carbon emissions, using the 2019 calendar year as a baseline. From this, we were able to identify our then current emissions, their primary sources and identify targets for reduction. In early 2021, we developed our first carbon emissions reduction plan, which has identified the key priorities to meet our reduction targets.

In line with our carbon emissions reduction plan, we have continued to reduce our domestic air travel post the COVID-19 lockdowns as part of our commitment to promote online collaboration in place of travel. We also reduced our corporate car fleet to zero, from a total of 14 in 2018, as well as reducing our floor space.

Through 2022, we will review the updated guidance to assist us in developing reduction targets and emissions reporting and assurance verifications, to support our compliance with CNGP requirements for 2022/23.

E haere tonu ana te whakakaha i tō mātou raukaha tūmataiti We are continuing to build our privacy capability

We continue to build our privacy capability, providing training, support and communications across the business. We have also focused on key processes to ensure accuracy and efficiency, including the roll out of electronic privacy incident reporting.

We have conducted a review of our Privacy and Personal Information Policy and this has been updated to align with the principles outlined in the Data Protection and Use Policy.

We continue to assess new initiatives using our Privacy Impact Assessment processes. The privacy and security processes continue to interact well, ensuring that new systems are assessed prior to implementation.

Our ethics panel and processes are operating well. The TEC Code of Ethics has been formalised and launched to the business. We have also appointed an external member to the panel who will bring a te ao Māori perspective to the panel.

We have refreshed our privacy work plan and identified several tactical actions that will support raising maturity across the TEC.

Ko te haumarutanga ā-ipurangi tō mātou aronga haere tonu

We continue to focus on improving our cyber security

Strong progress has been made in lifting our overall cyber security maturity. Our ongoing work programme is based around a comprehensive four-tier cyber security assurance framework. These four tiers are based on the National Institute of Standards and Technology (NIST) cyber security framework and are:

1. **People** – understanding the behaviour of our staff to cyber threats, providing training and ongoing awareness of the impact of cyber security to business continuity.
2. **Organisation** – implementation of the globally recognised NIST cyber security framework to assess our organisational-wide maturity to guide our investment decisions for enhancing our cyber security posture.
3. **Technical Review/Audit Programme** – ongoing independent technical audit programme of our core platforms and systems.
4. **Security by Design** – ensuring we design our systems building security and privacy into everything we do.

To ensure independence we are supported by our independent cyber security partner – Aura Information Security.

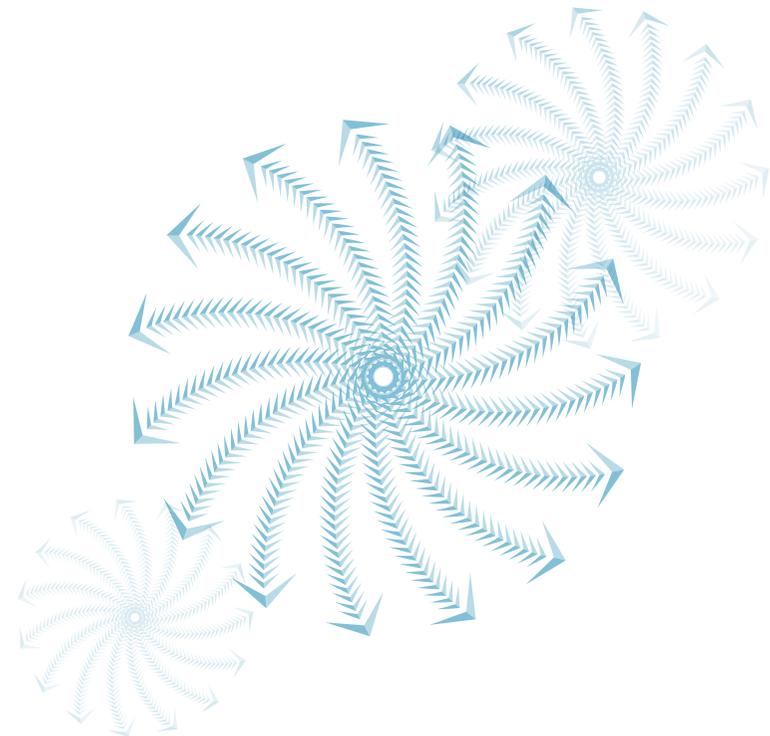
We are working to improve awareness of cyber security across the tertiary sector

We are working with other education sector agencies to progress cyber security initiatives across the whole education sector. Our current focus is working with the tertiary sector to progress a programme of work that will help them raise their level of cyber security awareness and maturity. One area where we have made significant progress is the TEC-led Microsoft higher education licensing agreement. This agreement provides universities, Te Pūkenga and wānanga with access to enhanced features that will improve their overall level of cyber security.

Microsoft higher education licensing agreement was signed

In 2022, the Microsoft higher education licensing agreement was signed by universities, Te Pūkenga and wānanga. This agreement provides them with access to Microsoft products on improved commercial and procurement terms.

The TEC-led negotiations have realised considerable costs savings to the sector of between \$25-30 million over the life of the five-year agreement. The sector has acknowledged the work and spirit of partnership and the role of the TEC in securing this deal. Microsoft has celebrated this comprehensive countrywide academic licensing agreement for the higher education sector as a global first for them.



I whakarewaina tā mātou Mahere Rautaki Pūnaha Mōhiohio

We launched our Information System Strategic Plan

Our Information System Strategic Plan (ISSP) describes the role of technology, data and information in progressing our strategy, responding to education sector priorities and meeting the accountabilities of our information technology operation.

It is a five-year strategy that focuses on the things that we want to change during that period. It sets out the principles we will follow and technology shifts we intend to leverage.

The implementation of the ISSP is built around five pillars:

1. Improving service delivery and operational efficiency
2. Guardianship of all ICT change
3. Creating a data-savvy TEC
4. Managing risk so we keep the TEC (its people and information) safe in an ever-changing ICT world
5. Delivering needed information technology capability through growing and supporting our people.

The ISSP is underpinned by a five-year roadmap describing the technology solutions we can progress to deliver on the ISSP.

Kua tutuki te pūhara whakawhiti raraunga hou

We have delivered the new data exchange platform

In partnership with the Ministry of Education and New Zealand Qualifications Authority (NZQA), we completed the new data exchange platform on 13 June. Providers and staff are now using our Workspace2 and Services for tertiary education organisations' data collection applications on the new platform.

The new platform delivers modern, fit-for-purpose technology that eliminates previous technical risks and gives providers a better and faster user experience. Feedback from providers has been positive.

The project and TEC support teams are working together to provide warranty support through to the end of September and to transition ongoing support and maintenance to the TEC support team.

Our next steps are to extend the platform to support the new Unified Funding System. We continue to work closely with the Ministry of Education and NZQA through interagency forums to co-govern and co-design the solution.

Ka whakamahi mātou i te ārai whatitata hei tautoko i te whakatau kaupapa i ngā taumata katoa

We use risk management to support effective decision-making at all levels of the organisation

We work in a dynamic changing operating environment, and risk management remains an integral component of our organisational governance at both a strategic and operational level. Our approach to risk management is well embedded, with a key focus on the following elements:

- › Providing accurate and timely management information on the key areas of risk exposure and the actions required to mitigate risk (strategic, operational and project risk)
- › Ensuring a consistent and proportionate approach to the identification, assessment and control of risk
- › Supporting the pursuit of opportunities through an appropriate balance of risk taking and risk management
- › Fostering and encouraging a risk intelligent culture where risk management is seen as a key enabler to organisational success.

Our risk management framework aligns with the International Standards Organisation (ISO) standard in Risk Management (ISO 3100).

Over the year we have continued to focus on the development of our risk management maturity to support the strength of our governance, assurance and decision-making.

Maintaining visibility of our key strategic risks

In the past year, the Executive Leadership Team has continued to review and update the assessment of our key areas of strategic risk. We define strategic risks as events:

- › that may prevent the achievement of the TEC's strategic objectives, and
- › that would result in significant long-term harm to the TEC.

We have identified strategic risks relating to our core functions, key projects, our people and external environmental impacts. Strategic risks are included in our regular reporting to the Risk and Assurance Committee.

We are prepared for disruptions and emergencies

We are committed to maintaining our business continuity preparedness (BCP) for major disruption events, including large-scale emergencies. We aim to hold two business continuity exercises each year to test our emergency response and business continuity plans. We use different scenarios to test our preparedness across a range of areas. Our most recent exercise focused on our response to how we would implement contact tracing if we had a COVID-19 case in our offices (as per initial Health requirements).

The ongoing COVID-19 pandemic (which commenced in 2020) requires us to maintain increased business continuity preparedness. In response to the continuing emergence of new COVID-19 variants, such as Delta and Omicron (and its sub-variants), changes in alert levels and more latterly, implementation of the COVID-19 Protection Framework, remote working remains an essential BCP asset for us. We continue to:

- › test our remote working capability as part of our annual business continuity exercise schedule, and
- › review and update our internal COVID-19 response plans to respond and meet changes on the requirements. Testing of our BCP and COVID-19 responses will continue to ensure we remain well positioned to respond to this changing situation.

I whakahoutia tā mātou rautaki whakahaere

We updated our organisational strategy

Our strategy is built around empowering every learner to succeed in their lifelong learning and employment journey. A key element of learner success is ensuring they are equipped with the skills needed by employers and communities. Our strategy is built to ensure Aotearoa New Zealand's tertiary education and careers systems respond to and meet people's needs for skills, knowledge and confidence to build fulfilling lives.

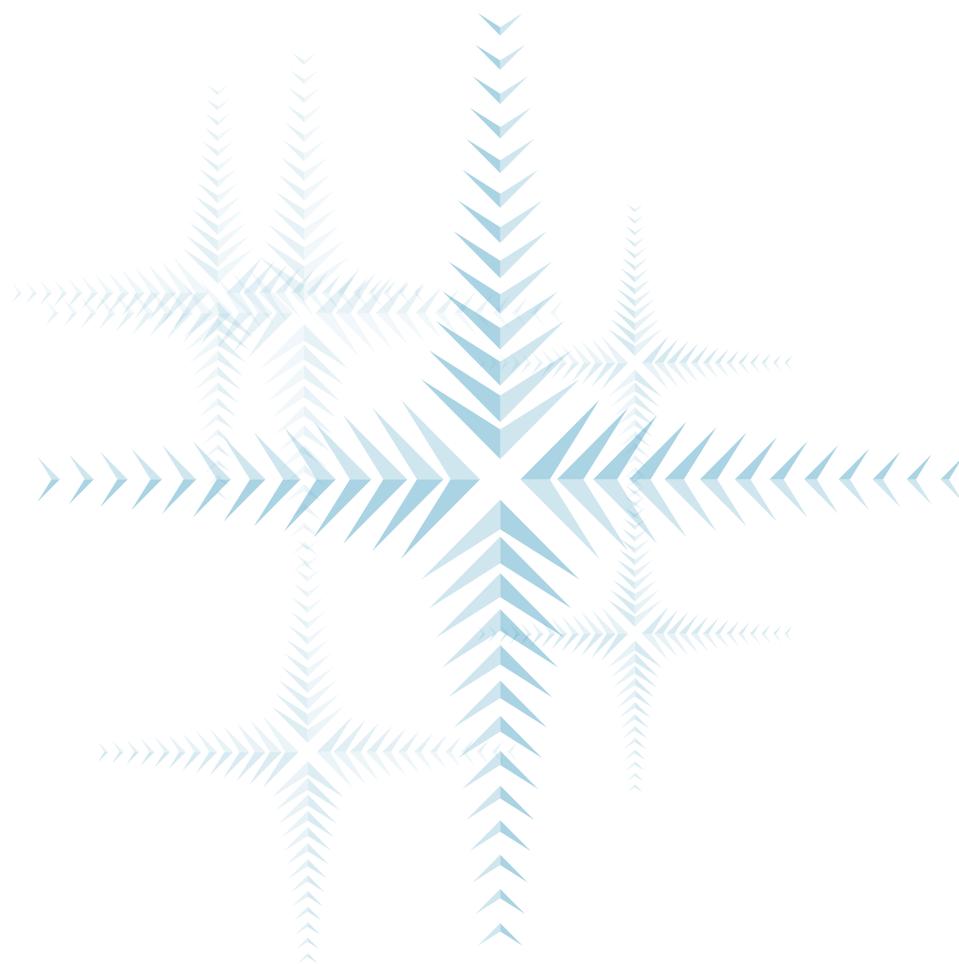
Our strategy is founded on commitments we have made as an organisation. We honour Te Tiriti o Waitangi and work in partnership to meet the needs and aspirations of Māori learners. We also embed te ao Māori in our work and strive to strengthen mātauranga Māori in the system.

In 2021/22, we simplified and streamlined some of the wording in the TEC Strategy, while keeping the intent and meaning of the Strategy unchanged. This streamlining will ensure the Strategy continues to be relatable to staff, while also continuing to align to the goals and shifts we are striving towards.

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

One of the key goals of internal business planning during the year was to clearly align our work to the Strategy to show line of sight for all staff to see how their work contributes to achieving our goals.

The updated wording of our goals and strategic priorities has been used to build our new *Statement of Intent 2022/23-2025/26*.



E ngākaunui ana mātou kia tipu ora a TEC

We are committed to creating a thriving TEC

Honoring our Te Tiriti commitments and growing our Māori and Pacific peoples cultural capability

We have commitments to honour Te Tiriti in our strategy and have identified this as a foundational capability in our He Marae Tangata mahi. This year TEC employees attended the 'Effective Engagement with Māori' workshop delivered by Institute of Pacific Administration New Zealand. Following on from this, we developed an in-house workshop called 'No Ordinary Te Tiriti Training', aimed at giving our people a deeper understanding of Te Tiriti in the context of our work at the TEC.

Te Kākano tool, which was developed to assist our people in applying Te Tiriti to their work, was piloted at this training and received good response. Immediate evaluation of this training showed a high degree of engagement, relevance and commitment. We are exploring how we can make this a standard and sustainable offering to our people.

We are committed to growing our Māori and Pacific peoples cultural capability and underpinning our work with te ao Māori and mātauranga Māori. Besides our current training on te reo through the Koi app and online sessions, we will develop new learning on te reo, tikanga and mihimihi. We regularly celebrate Te wiki o Reo Māori; and this year we have also celebrated several Pacific peoples Language Weeks with diverse cultural awareness activities and programmes. We have refreshed our Kapa Haka group and have regular waiata practise sessions.

We are developing our internal capability

He Marae Tangata is a five-year programme, aimed at making the TEC a learner-centric, equity-minded and culturally affirming organisation. These are our three stars – our three key capabilities that will guide us as individuals and as an organisation.

To start this work, we developed a full Capability Framework defining the three capabilities: both for the individual (as a combination of desired knowledge, skills and attitudes) and for the organisation (in diverse areas like strategies, policies, processes, tools, technology, etc).

To support the Framework, we have developed Te Kāpehu (the compass) – a set of questionnaires that will help our people self-assess their capabilities – and a Kōrero Guide. A Knowledge Space and leader support resources are under development and a group of capability champions have been endorsed by the business who will help embed the positive change we are seeking. We are currently working on an Implementation Plan that will include piloting the Framework and resources with Tier 2 and Tier 3 leaders.

We have also completed a full Learning Needs Analysis based on the Framework and made some priority learning solution recommendations. These will be developed and delivered over the next year.

We have embedded our flexible working environment

In alignment with Te Kawa Mataaho guidelines, the TEC is a 'flexible by default' organisation. For us, this means working from where and how we work best, maintaining our productivity, wellbeing and connection with our colleagues. We delivered our Tōnui, Tōu Ora project successfully to bring all our Wellington-based offices together under one roof at 44 The Terrace. We are currently embedding the flexible work practices, etiquettes and behaviours across the TEC. We have also revised our Flexible Work Guidelines that align with best practice flexible work and Te Kawa Mataaho guidelines.

We have refreshed our People Plan

This year we refreshed and expanded our People Plan: Mā Tātou, Mō Tātou, for 2022-26. This is a plan designed by us, for us. Building our people's capability underpins the TEC's strategic goals of supporting equitable outcomes for all learners and contributing to an adaptable tertiary education system. We do this by being intentional about growing our people and being strategic about how to do this.

Our People Plan reflects our TEC values and behaviours: *Work together for success; Connect with people; Service matters; and Do the right thing.*

The Plan is focused around some core people development areas; and for each area, identifies the 'what' and the 'how'. These areas include:

- › building a diverse and inclusive organisational culture
- › being equity-minded and culturally aware
- › developing leadership capability
- › attracting, retaining and developing employees
- › attracting diverse talent especially at the entry level and creating career pathways
- › preserving employee wellbeing across their physical, mental, family and spiritual health, and
- › increasing employee engagement.

We currently have initiatives in most of these areas, eg, diverse employee network groups, multi-cultural event celebrations (wellbeing Eid, Matariki, Diwali), a wellness portal, and team development (through tools like Gallup Strength Finder, Emotional Culture Deck). We plan to continue all these initiatives and we have identified new work that needs to be done in a phased manner to give shape to our People Plan vision.

Our staff consider the TEC to be a good and inclusive workplace

Our Engagement Survey (He Waka Eke Noa) results revealed that the TEC continues to be a good and inclusive workplace. Other important areas of strength are:

- › richness of our staff's technical knowledge and expertise
- › wellbeing, including work-life balance
- › privacy and information security, and
- › trust among our people in their leaders.

Areas which were highlighted for improvement are:

- › building joined-up processes across Directorates, along with connected communication
- › better programme/project processes, and
- › evaluation.

We continue to develop our leaders

We continue to have combined leadership meetings, which are valuable forums for people leaders — from the Executive Leadership Team to Tier 4 managers — to exchange views, information and ideas. These have been very highly valued by our leaders.

We have identified a leadership pathway and programme for new and existing leaders at the TEC, with special emphasis on Māori and Pacific peoples aspiring leaders. This includes recommending nomination criteria and structuring leadership development based on mentoring across the education sector. This initiative is in alignment with all the goals in our strategy, and is one of the priorities across the public sector.

We are growing talent at the entry level

As part of Thriving TEC, an important consideration is how to attract and retain the right talent in our organisation, which will also help develop the workforce in the education sector. Graduate Programmes and Internships can be effective solutions in this area. This year, we participated in the Ministry of Education Summer Internship programme and selected two interns who were placed in Strategic Engagement and Ōritetanga. We also accepted one Intern as part of the Tupu Tai Pasifika Public Sector Internship Programme (MBIE).

We're delivering strong customer service

One of our core values is Service Matters. We are committed to providing great service to the individuals, tertiary education organisations, and partners and stakeholders we work with across Aotearoa New Zealand. Our annual customer survey shows that we continue to provide high-quality customer service. In 2021/22:

- › 89 percent of respondents agreed or strongly agreed that our people were friendly and polite
- › 75 percent of respondents agreed or strongly agreed that our people communicated clearly, and
- › 71 percent of respondents agreed or strongly agreed that our people were knowledgeable.

The online survey was conducted by Nielsen between 17 March and 22 April 2022. The survey has a margin of error of +/- 5.2 percent.

Our goal is to keep building on this to be a customer-centred organisation that uses high-quality data, insights and technology to continually improve the services we provide. Working towards this goal, in March 2021 we introduced a modern, industry-standard contact centre technology platform. Over the year our focus has been on embedding the culture and practices needed to fully reap the benefits from this leading-edge technology. Our new webchat channel illustrates how this technology has benefited our customers. Since launching webchat in April 2021 we have received over 18,000 webchat enquiries — an average of around 1,200 every month.

Over the coming year we will keep investing in our customer data, insights and technology. We are particularly interested in getting real-time feedback from our customers and in investigating the potential of Artificial Intelligence to automate some of our manual processes.

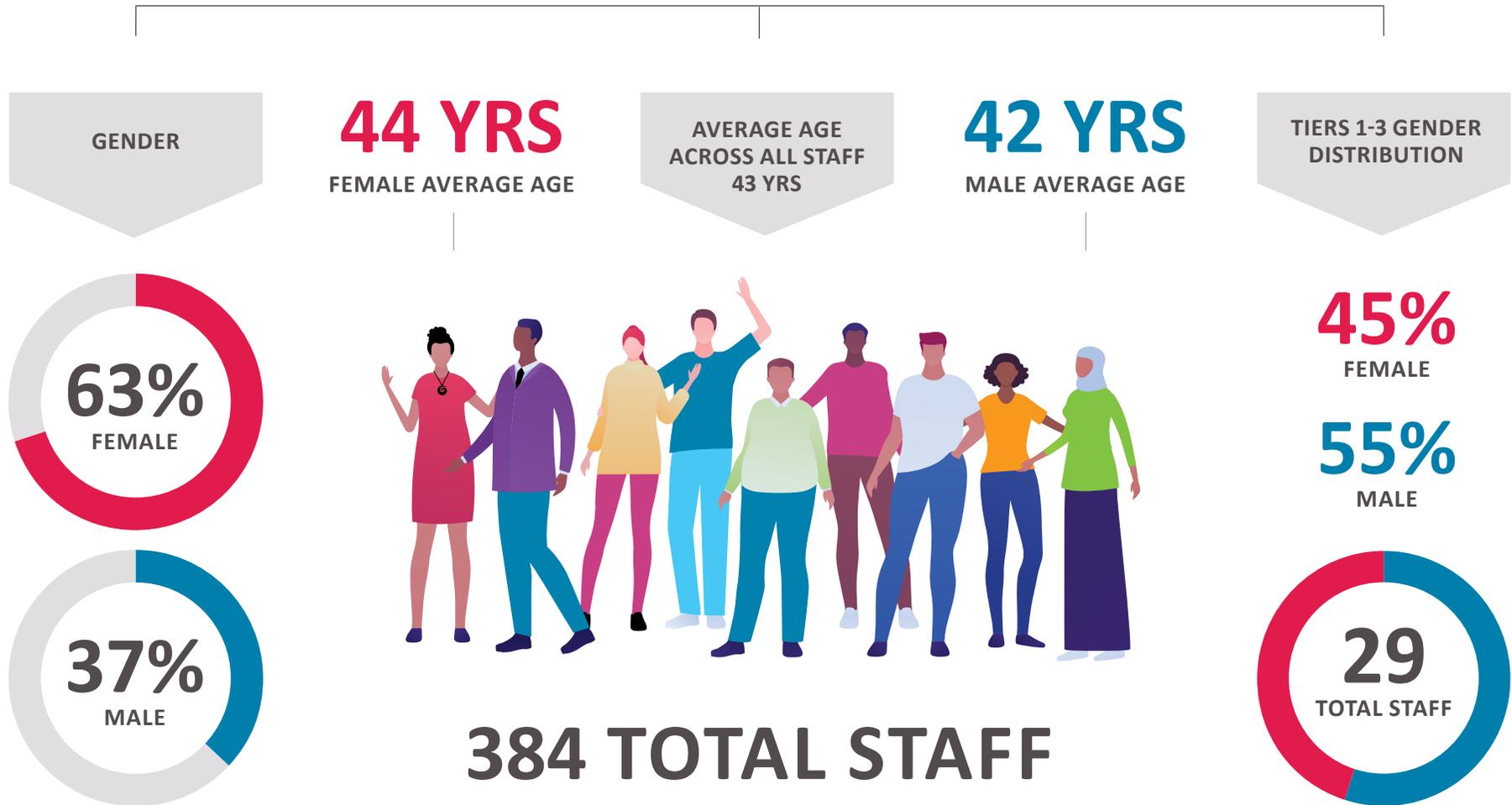
Another busy year for our Customer Contact Group

Our Customer Contact Group is the key touchpoint for most of our customers when they engage with us. The Customer Contact Group had another busy year serving individuals, tertiary education organisations and our diverse range of partners and stakeholders across the motu.

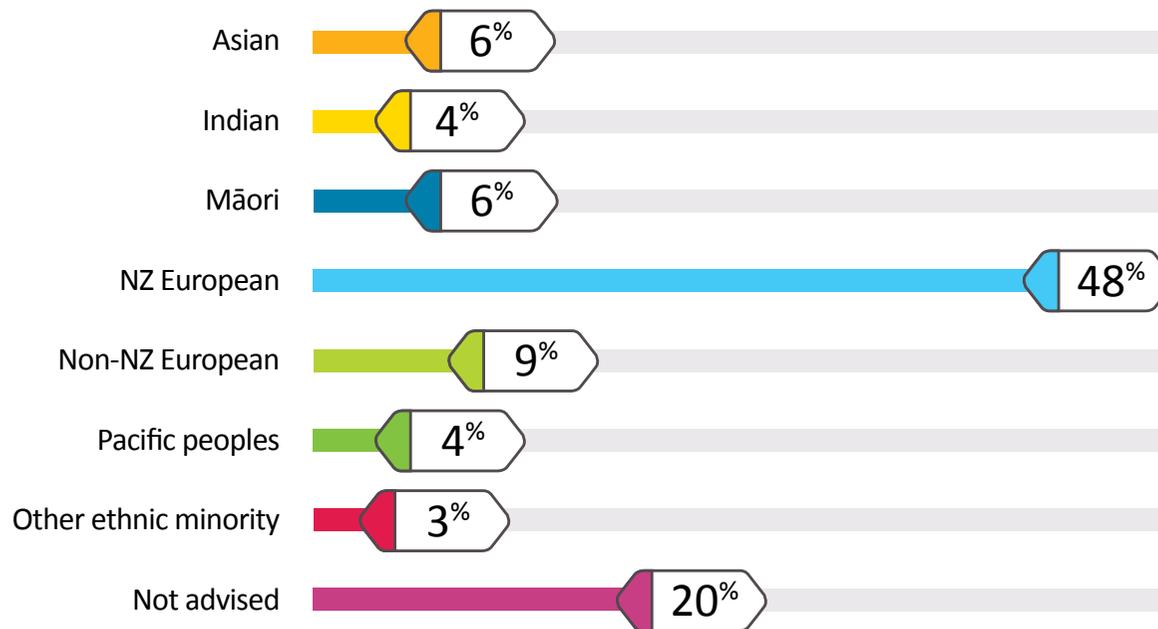
During 2021/22 our Customer Contact Group:

- › received 24,067 calls, 14,673 webchats and 38,183 emails from our customers
- › offered 3,940 callbacks
- › responded to 19,013 Fees Free enquiries and Statutory Declarations
- › provisioned 13,238 documents and 5,505 data collection reports for our customers onto the external Workspace2 portal
- › managed 348,416 contacts in our Kiritaki Customer Relationship Management system, and
- › published 841 articles onto our internal Knowledgebase platform to support answering customer enquiries.

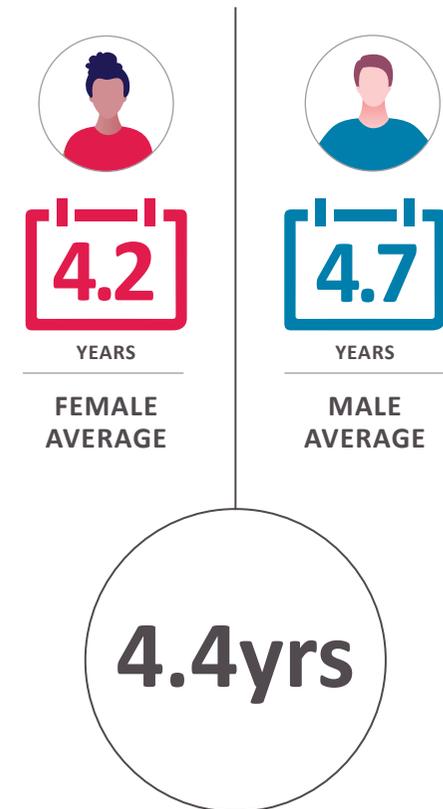
Who we are



Ethnicity across all staff



Length of service





Tauākī Whakamaunga Atu

Statement of Responsibility

In terms of the Crown Entities Act 2004 and the Education and Training Act 2020, the Board of the Tertiary Education Commission Te Amorangi Mātauranga Matua is responsible for the preparation of the Tertiary Education Commission's Financial Statements and the Statement of Performance and for the judgements made in them.

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

The Board of the Tertiary Education Commission has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and reporting of the Statement of Performance. In the Board's opinion, these Financial Statements and Statement of Performance fairly reflect the financial position and operations of the Tertiary Education Commission for the year ended 30 June 2022.

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



Jenn Bestwick
Board Chair
Tertiary Education Commission



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

15 December 2022

15 December 2022

Pūrongo kaitirotiro motuhake

Independent auditor's report



To the readers of Tertiary Education Commission's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Tertiary Education Commission (TEC).

The Auditor-General has appointed me, Stephen Usher, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of TEC on his behalf.

Opinion

We have audited:

- » the financial statements of TEC on pages 133 to 164, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- » the performance information of TEC on pages 47 to 68 and 91 to 130.

In our opinion:

- » the financial statements of TEC on pages 133 to 164:
 - › present fairly, in all material respects:
 - its financial position as at 30 June 2022 and
 - its financial performance and cash flows for the year then ended; and
 - › comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and

- » the performance information on pages 47 to 68 and 91 to 130:
 - › presents fairly, in all material respects, TEC's performance for the year ended 30 June 2022, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.
 - › complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 15 December 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Commissioners and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

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

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

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

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

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

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

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

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

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

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

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to TEC's Statement of Intent 2019/20 to 2022/23, TEC's Statement of Performance Expectations 2021/22 and the relevant Estimates and Supplementary Estimates of Appropriations 2021/22.

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

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

- » We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TEC's internal control.

- » We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Commissioners.
- » We evaluate the appropriateness of the reported performance information within TEC's framework for reporting its performance.
- » We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Commissioners and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on TEC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause TEC to cease to continue as a going concern.
- » We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Commissioners is responsible for the other information. The other information comprises the information included on pages 1 to 46, 69 to 90, 131, 132 and 165 to 173, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

Other than in our capacity as auditor, we have no relationship with, or interests, in TEC.



Stephen Usher

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand



Wāhanga rima:
Tauākī
whakatutukitanga

Part five:
Statement of
performance



In 2021/22 we spent over

\$3.9 billion

INVESTING

in Tertiary Education and

SUPPORTING

the Tertiary Education and Careers Systems

This section shows the amount of money we spent from each appropriation.

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

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

We report on what we achieved with each appropriation against what was intended as set out in our *Statement of Performance Expectations 2021/22*, the 2021/22 Estimates of Appropriations for Vote Education and Vote Tertiary Education, as well as any changes made through the 2021/22 Supplementary Estimates.

These appropriations support the Tertiary Education and Careers Systems

\$84.8m

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

\$6.3m

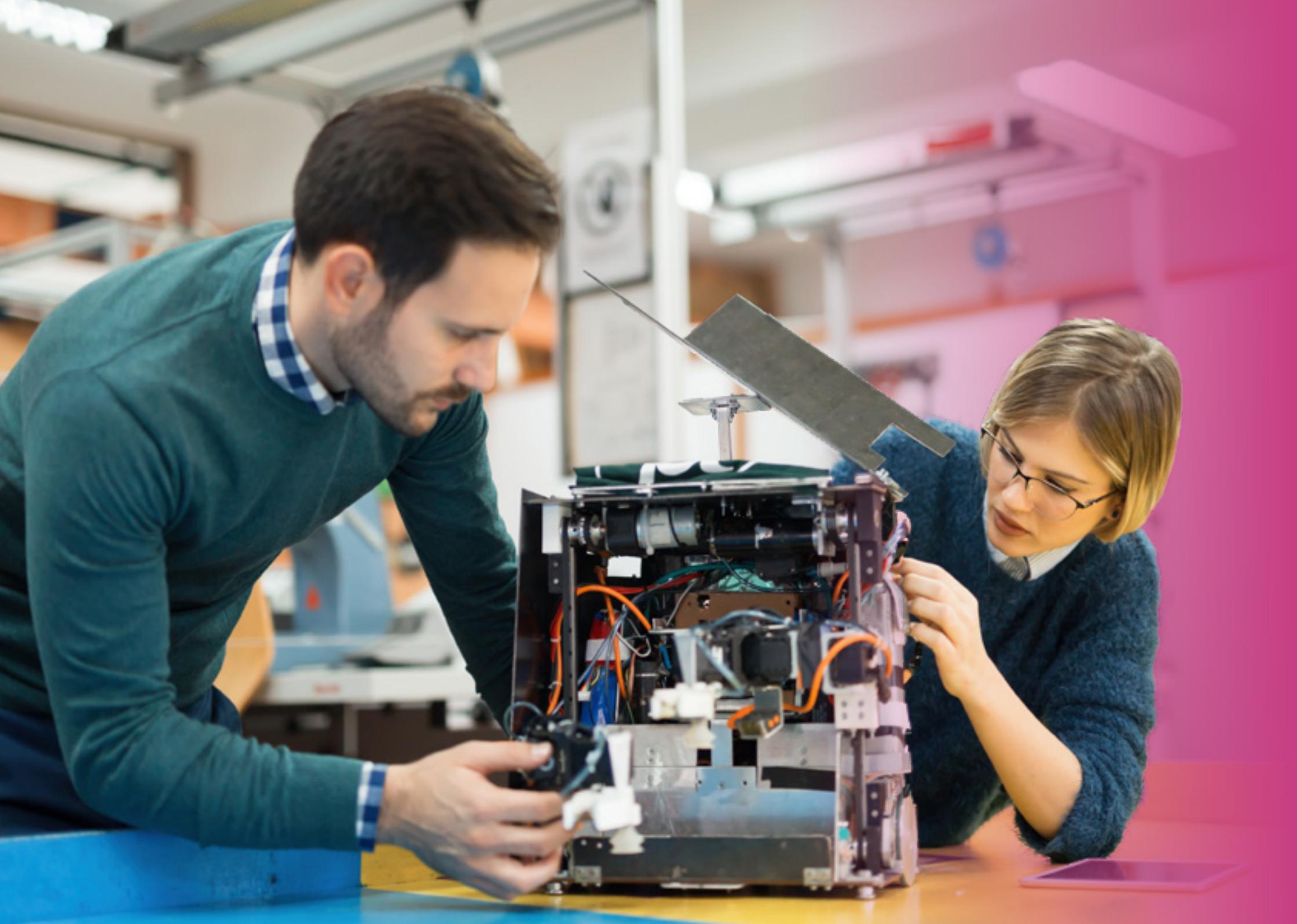
Careers System Online

\$0.0m*

Vocational Education Data System

*No capital expenditure took place in 2021/22. Project operational costs were part of the Administration of and Support for the Tertiary Education and Careers Systems appropriation. (See page 91 for details)





We use these appropriations to invest in tertiary education

\$3,205.1m
**TERTIARY TUITION
AND TRAINING**

\$321.0m
**TERTIARY EDUCATION
RESEARCH AND RESEARCH-
BASED TEACHING**



\$69.4m

Access to Tertiary Education

\$50.2m

Workforce Development Councils

\$49.8m

Centres of Research Excellence

\$42.8m

Tertiary Sector / Industry
Collaboration Projects

\$30.0m

Support for Wānanga

\$29.7m

Secondary-Tertiary Interface

\$19.5m

Tertiary Scholarships
and Awards

\$16.0m

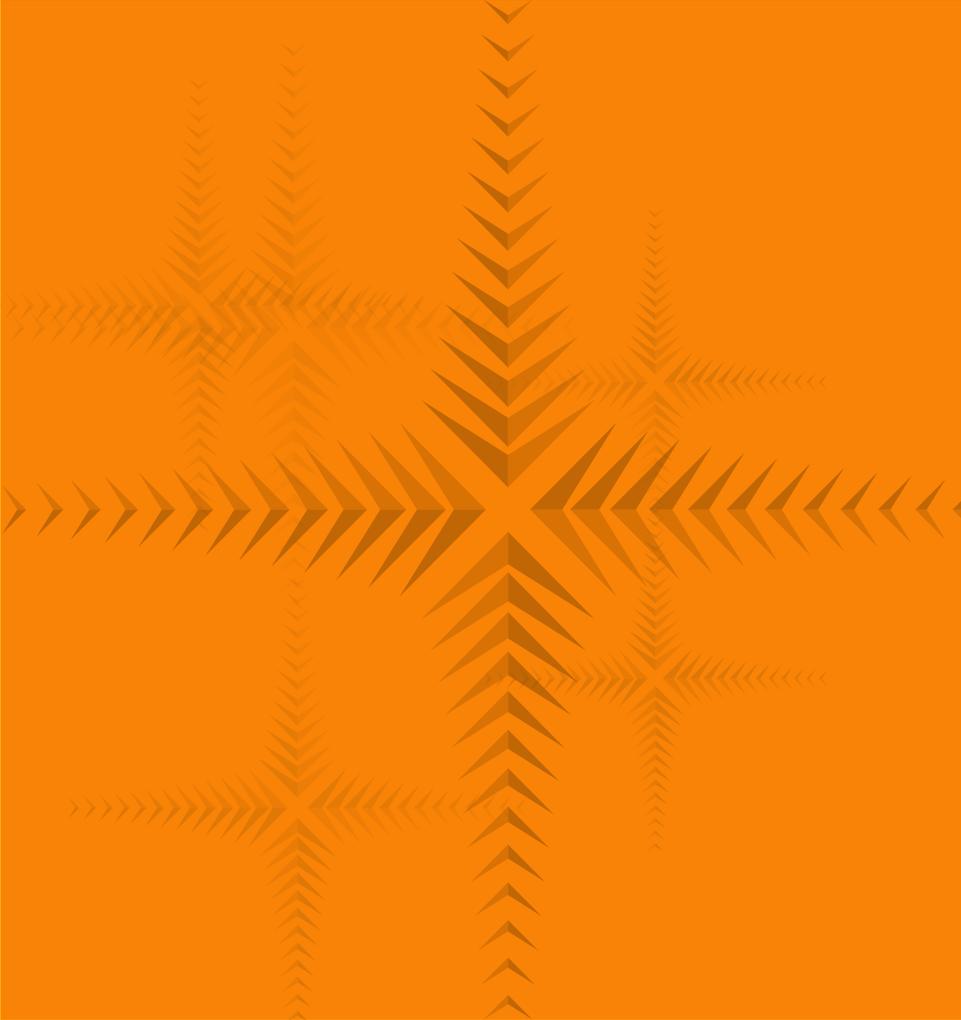
Establishment of a Single
National Vocational
Educational Institution

\$8.3m

University-led Innovation

\$1.0m

Support for Te Wānanga
o Raukawa



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

Our operational appropriation
enables us to

SUPPORT

the Tertiary Education and

CAREERS
SYSTEMS

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

Ngā rohenga pūtea kāwanatanga mā te Mātauranga Matua

Vote Tertiary Education appropriations

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

Administration of and Support for the Tertiary Education and Careers Systems

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

This appropriation links to our strategic goals



Supporting all learners to succeed



Connecting educators and employers



Increasing research quality and capability



Building provider capability and monitoring performance

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
Administration of and Support for the Tertiary Education and Careers systems				
REVENUE				
Crown revenue				
– Tertiary Education Commission	76,592	77,230	76,592	81,924
– Māori Education Trust (Ministry of Education administered)	109	109	109	109
Contract – Direct Careers Services	2,000	-	-	-
Contract – Pre-purchased English Language Tuition	530	442	442	605
Contract – Migrant Futures	-	-	-	1,676
Interest	330	180	180	297
Other revenue	1,357	1,248	1,248	1,381
Total revenue	80,918	79,209	78,571	85,992
EXPENSES				
Tertiary Education Commission	84,729	83,135	82,497	87,036
Māori Education Trust (Ministry of Education administered)	109	109	109	109
Total expenses	84,838	83,244	82,606	87,145
Surplus/(deficit)	(3,920)	(4,035)	(4,035)	(1,153)

Revenue and expenses were \$2 million higher than budget owing to a contract from the Ministry of Social Development to provide careers services support. There were also appropriation changes since our budget was finalised. This included a \$2 million increase for our Work Connect programme and \$3 million of Reform of Vocational Education funding being transferred into 2022/23 from 2021/22.

Administration of and Support for the Tertiary Education and Careers Systems

Measure	2021/22 Target	2021/22 Actual	2020/21 Actual
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%	Transparent 78% (Note 1)	Transparent 79%
		Accessible 76% (Note 1)	Accessible 80%
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%	100% (Note 2)	Not able to be measured as no governance seminars held
Percentage of tertiary education organisations who agree that our investment toolkit and plan guidance were very useful to prepare their Investment Plans	At least: Toolkit 34% Plan guidance 36%	Toolkit 53%	Toolkit 45%
		Plan guidance 50%	Plan guidance 52%
Percentage of careers system stakeholders who agree that our online information and tools are useful	At least 77%	81%	86%
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%	37% (Note 3)	44%
Percentage of tertiary education organisations who agree that engagement (face-to-face, phone and email) with TEC was useful	Baseline year	Face-to-face – 77%	Not Applicable
		Phone – 73%	
		Email – 60%	
Percentage of payments the TEC makes to tertiary education organisations that are made within agreed timeframes	At least 99.5%	99.95%	99.88%
The satisfaction rating given by the Minister of Education on the TEC's monitoring advice related to Te Pūkenga and tertiary education institutions	At least 7 out of 10	8 out of 10	Not Applicable
The overall satisfaction rating given by the Minister of Education on the Tertiary Education Commission	At least 7 out of 10	8 out of 10	8 out of 10

Note 1 – An analysis of the data behind this result showed that a higher percentage of respondents recorded a 'don't know' in the 2021 survey compared to the 2020 survey. The decrease in results is likely to be an effect of the increased percentage of respondents recording 'don't know' against these measures in the 2021 survey. When comparing results excluding 'don't knows' for 2020 and 2021, results for both audit transparency and accessibility had increased in 2021 compared to 2020.

Note 2 – Governance webinars were held for students in governance roles (13 April 2022) and for the WDC chairs, deputy chairs and co-chairs (10 June 2022). All attendees were surveyed and we varied the method of gaining feedback for those who attended the WDC webinars. The new way of gaining feedback resulted in a 100% response rate; all respondents gained information relevant to their council work.

Note 3 – During 2021/22 the TEC updated this measure to incorporate disabled learners. The measure is now "Percentage of TEOs who agree that the information available from the TEC helped your organisation support Māori, Pacific and disabled learners". The reported achievement is therefore not directly comparable to the prior year reported result. The TEC also collected information on the outcome of initiatives focusing on Māori and Pacific learners being a priority: The TEC had a conversation or provided information about:

› Māori learners being a key focus/priority – result 73% › Pacific learners being a key focus/priority – result 60%.

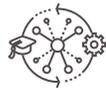
Te Pūnaha ā-Tuihono mō Ngā Umanga Careers System Online

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.

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
Careers System Online				
Crown capital contribution	4,500	6,500	4,500	8,500
Total capital expenditure	6,260	6,500	4,500	5,745
Appropriation under/(over) spend	(1,760)	-	-	2,755

The project has drawn \$13 million from the capital appropriation and has spent \$12 million to 30 June 2022. \$2 million of the capital appropriation was transferred into 2022/23 from 2021/22 and will be used next financial year.

Careers System Online

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

Note 1 – The early Product Roadmap showed the online planning tool (Tahatū) for secondary school learners, their influencers and schools was scheduled to be delivered by the middle of 2022. In 2021 the TEC Leadership determined to reset the program with an iterative approach to develop and release portions of the website. The consortium of three suppliers was reduced to a single supplier, SpringLoad, and a new Program Manager was appointed, with no changes to budget. The first two of the six portions '1 Website Foundations' and '2 Tertiary Qualifications' were delivered in 2021/22 in accordance with the reset schedule. The third portion '3 Explore Occupations' has started on schedule. The revised timeframe for a first release launch to schools is in 2023.

Pūnaha Raraunga Mātauranga Ahumahinga

Vocational Education Data System

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

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

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
Vocational Education Data System				
Crown capital contribution	1,000	7,300	1,000	-
Total capital expenditure	-	7,300	1,000	-
Appropriation under/(over) spend	1,000	-	-	-

The Vocational Education Data system capital project was set to start late in the 2021/22 financial year. The project drew down \$1 million but capital expenditure did not take place in 2021/22. However, the project did incur operational costs as part of the Administration of and Support for Tertiary Education and Careers Systems appropriation.

Vocational Education Data System

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

Note 1 – Development is under way. The tactical solution for collection of commitments data is complete. Development of the tactical solution for the collection of actuals data is under way. Funding has been drawn down for the design of the strategic solution.

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

WE **INVEST** in all forms of post-secondary school EDUCATION & TRAINING

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

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

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

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

WE CONTRIBUTE TO, but do not control, the sector output measures we report on. The 2021 sector measure results were impacted by a number of factors.

Omicron has had a significant impact

The COVID-19 pandemic (considered a ‘once-in-a-century’ public health shock) has been an ongoing global pandemic since 2019, causing major disruption to life and economic activity around the world. Despite that disruption, the New Zealand economy had outperformed expectations leading into 2021/22 and had shown a high level of economic resilience.

While COVID-19 vaccination rates continued to increase across New Zealand, the subsequent outbreak of the more transmissible Omicron variant of COVID-19 in late 2021, caused further disruption to life and the economy, as higher levels of absenteeism from sickness began.

The economy has fluctuated with record unemployment

For the 2021/22 financial year (a post-pandemic recovery period), the Aotearoa New Zealand economy has generally fluctuated amid uncertain global economic conditions, geopolitical disruptions, uncertain migratory behaviour, skills shortages, high staff turnover and growing wage and inflationary pressures not seen since the 1990s.

Overall, the labour market recovery exceeded expectations, hitting record low unemployment and high tertiary enrolment numbers. Most industries recovered to pre-COVID-19 employment levels, with an increased rate of employment for both high and low skilled workers (including Māori and Pacific peoples).

The ebbs and flows of the economy on tertiary study

Traditionally, learners choose to undertake or remain in study during an economic decline – as was expected at the start of the financial year. As overall demand for tertiary education increases, tertiary education organisations are likely to be working with a greater proportion of less prepared learners. These learners are less likely to be retained in the education system or successfully complete courses or qualifications.

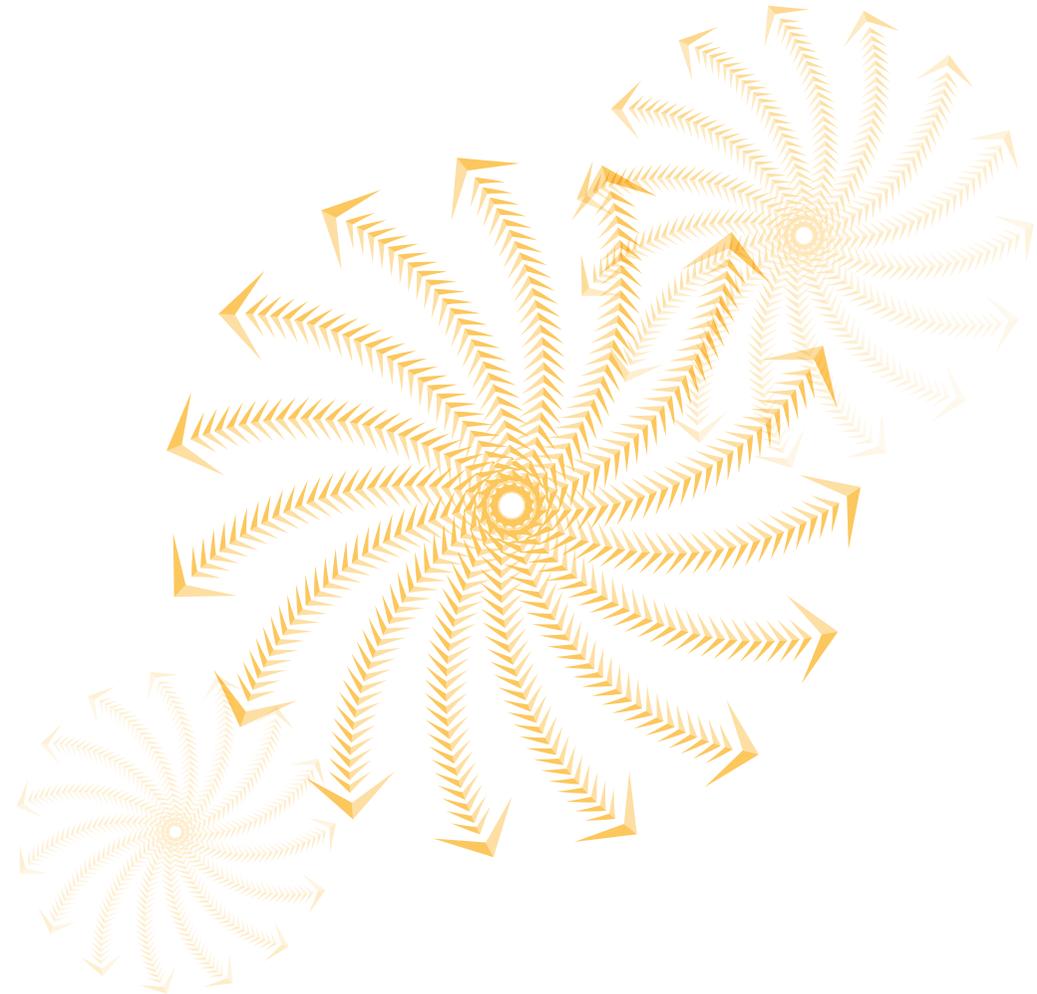
In contrast, traditionally a buoyant labour market and economy has meant that more learners choose to go into employment, rather than enter or remain in education, contributing to slightly lower participation, retention and completion of education. Historically, a proportion of these learners return to study. While this type of decision-making impacts all learners, it often has a greater impact for Māori and Pacific learners who can have greater financial pressures to work instead of remaining in study. During the global financial crisis, Māori were hit hardest – amplifying higher unemployment and existing inequities in tertiary education.

COVID-19 has exacerbated existing inequities

COVID-19 has exacerbated existing inequities and put greater pressure on tertiary education organisation capability to support a more academically diverse learner cohort who have experienced higher levels of hardship.

Qualification completion rates for Māori and Pacific learners decreased in 2021. As qualification completion rates remained static for other learners, this further exacerbated the parity gap for underserved groups of learners. This was especially notable for learners at wānanga, where providers struggled to reorient provision to online delivery.

The impact of COVID-19 on learner wellbeing, and the subsequent disruption to study and training, as well as a general corresponding level of uncertainty across the education system, are important performance considerations. Other considerations could include prolonged COVID-19 lockdowns having an unforeseen negative impact on learner wellbeing (and the subsequent disruption on returning to classroom learning) and withdrawal from training or study due to uncertainty of course continuation.



Ngā rohenga pūtea kāwanatanga mā te Mātauranga Matua

Vote Tertiary Education appropriations

Te whaiuru ki te
Mātauranga Matua

Access to Tertiary Education

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
Access to Tertiary Education				
REVENUE				
Crown revenue				
Equity Loading	39,108	28,510	39,510	18,117
Group Training Schemes	-	-	-	15,965
Māori and Pasifika Trades Training Top Up	7,962	10,102	9,102	4,404
Hardship Fund for Learners	22,335	5,803	25,803	3,796
Total revenue	69,405	44,415	74,415	42,282
EXPENSES				
Equity Loading	39,108	28,510	39,510	18,117
Group Training Schemes	-	-	-	15,965
Māori and Pasifika Trades Training Top Up	7,962	10,102	9,102	4,404
Hardship Fund for Learners	22,335	5,803	25,803	3,796
Total expenses	69,405	44,415	74,415	42,282
Surplus/(deficit)	-	-	-	-

Revenue and expenses were \$25 million above budget. This followed a \$20 million budget increase for the Hardship Fund for Learners from unallocated Fees-free Payments funding. There was also increased funding for Equity Loading that was driven by budget decisions.

Access to Tertiary Education

Measure	2021 Target	2021 Actual	2020 Actual
Percentage of learners per calendar year progressing from Māori and Pacific Trades Training to apprenticeships and managed apprenticeships, other industry training at level 3 and above or further study at New Zealand Qualifications Framework level 4 and above	At least 34%	35%	34.45%

Ngā Pokapū Rangahau Ikeike Centres of Research Excellence

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

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

Centres of Research Excellence

Measure	2021 Target	2021 Actual	2020 Actual
All Centres of Research Excellence show progress towards achieving the impacts stated in their Impact Statements (Notes 1 and 2)	Achieved	Achieved	Not Applicable
Total number of doctoral students completing qualification during the current funding period (Note 3)	Baseline year	255	Not Applicable

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

Note 2 – All 10 Centres of Research Excellence, six months into their seven-and-a-half-year research programmes, are showing progress towards achieving the impacts stated in their Impact Statements. The two new CoREs ('Coastal People: Southern Skies' and 'Healthy Hearts for Aotearoa New Zealand') have made excellent progress in the formative stages of their programmes.

Note 3 – Following the completion of the Centres of Research Excellence funding round in 2020, July 2021 marked the transition from one set of 10 Centres of Research Excellence to the next set of 10. There was some discontinuity as two new CoREs started, two wrapped up and eight continued but with new research programmes. Two thousand and fifty-five PhD graduates in one year is an impressive increase in human capability. The new CoRE programmes are due to be completed at the end of 2028.

Te Whakatū Pūtahi Mātauranga Ahumahinga ā-Motu

Establishment of a Single National Vocational Education Institution

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

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

This appropriation links to our strategic goals



**Supporting
all learners
to succeed**



**Connecting
educators
and employers**



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

Establishment of a Single National Vocational Education Institution	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
REVENUE				
Crown revenue	16,000	10,000	16,000	63,640
Total revenue	16,000	10,000	16,000	63,640
Total expenses	16,000	10,000	16,000	63,640
Surplus/(deficit)	-	-	-	-

Revenue and expenses were \$6 million above budget following increases to the budget during the year.

The appropriation was created in 2020/21 to establish a single national vocational education institution and required upfront funding. The funding level reduces in outyears.

Te Tautoko i Te Wānanga o Raukawa

Support for Te Wānanga o Raukawa

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

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

Support for Te Wānanga o Raukawa

Measure	2021 Target	2021 Actual	2020 Actual
Te Wānanga o Raukawa provides an annual report on the use of this funding to the Tertiary Education Commission	Achieved	Achieved	Achieved

Te Tautoko i Ngā Wānanga

Support for Wānanga

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

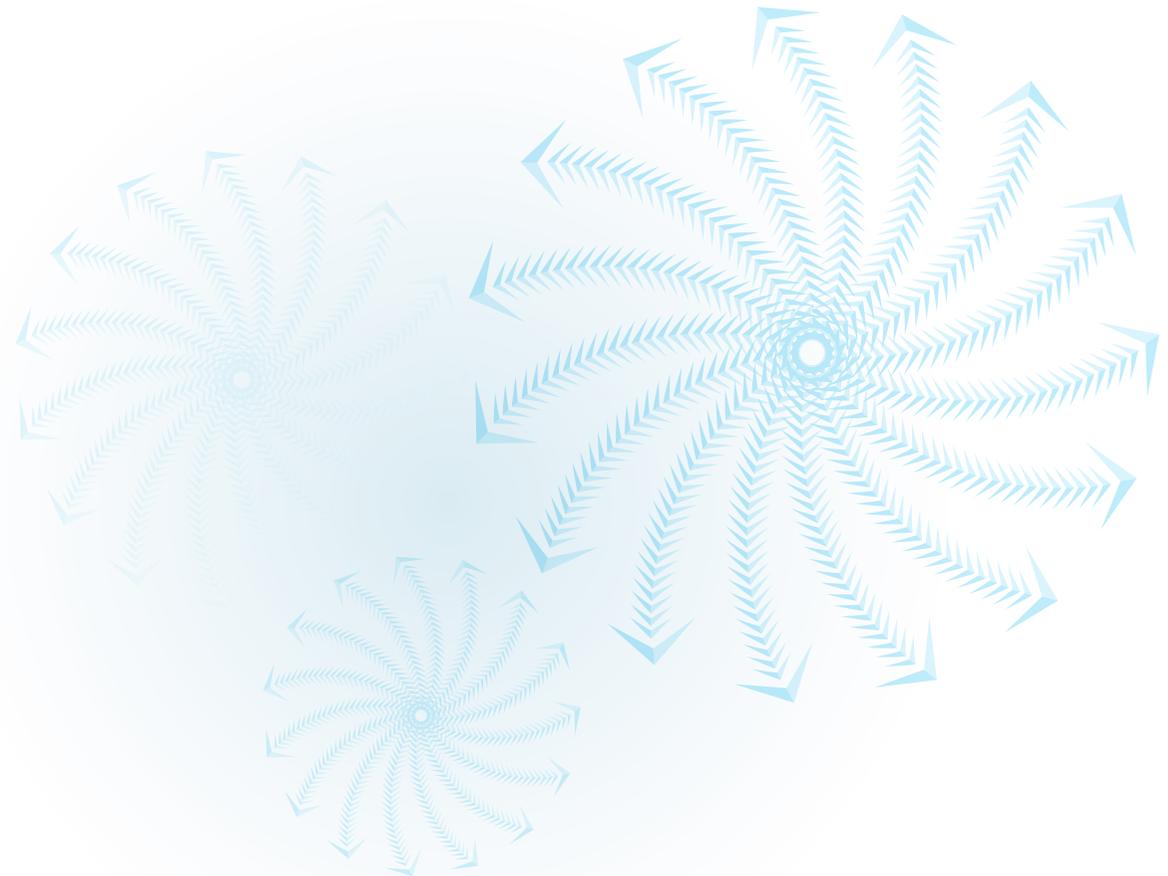
	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
Support for Wānanga				
REVENUE				
Crown revenue				
Support for Wānanga	18,000	4,000	18,000	-
Grant under section 556 of the Education and Training Act 2020 to Te Wānanga o Aotearoa and Te Whare Wānanga o Awanuiārangi (Ministry of Education administered)	12,000	-	12,000	-
Total revenue	30,000	4,000	30,000	-
EXPENSES				
Support for Wānanga	18,000	4,000	18,000	-
Grant under section 556 of the Education and Training Act 2020 to Te Wānanga o Aotearoa and Te Whare Wānanga o Awanuiārangi (Ministry of Education administered)	12,000	-	12,000	-
Total expenses	30,000	4,000	30,000	-
Surplus/(deficit)	-	-	-	-

Revenue and expenses were \$26 million above budget following increases to the budget during the year. The increases were funded from a contingency that was previously established in anticipation of funding decisions being agreed in 2021/22.

Support for Wānanga

Measure	2021 Target	2021 Actual	2020 Actual
Wānanga annual reports are reviewed and appropriate action is taken (Note 1)	Achieved	Achieved	Not Applicable

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



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

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

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

Tertiary Education Research and Research-Based Teaching

Measure	2021 Target	2021 Actual	2020 Actual
Research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions) (Note 1)	Previous year ±5%	3,836 (Note 2)	4,076
Percentage increase in amount of external research income for PBRF-eligible providers (Notes 3 and 4)	3-5%	8.58%	0.94%

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 – 2021 Research Degree Completions did not meet the target of ±5% on the previous year. Research Degree Completions decreased by 5.9% between 2021 (3,836) and 2020 (4,076). COVID-19 lockdowns significantly impacted research activity for students. Extensions to qualification completion were granted to affected students.

Note 3 – The External Research Income is a measurement of the amount of income for research purposes received by participating tertiary education organisations from external sources, assessed on an annual basis.

Note 4 – In 2021, PBRF-eligible providers earned External Research Income (ERI) of \$660.9 million (\$608.7 million in 2020) with all sectors increasing their ERI against results for the previous year. Compared to 2020, 2021 ERI component earnings increased across New Zealand government contestable, New Zealand non-government income and Overseas research income by 13.6%, 25.1% and 8.8% respectively. New Zealand public sector contract research decreased by 15.4%.



Ngā Kaupapa Mahitahi ki te Rāngai Mātauranga Matua, Ahumahi hoki

Tertiary Sector / Industry Collaboration Projects

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

This appropriation links to our strategic goals



**Supporting
all learners
to succeed**



Connecting
educators
and employers



**Increasing
research quality
and capability**



Building provider
capability and
monitoring
performance

Tertiary Sector / Industry Collaboration Projects	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
REVENUE				
Crown revenue				
Adult and Community Education (Development and Delivery)	1,538	1,000	1,200	250
Centres of Asia-Pacific Excellence	10,000	10,000	10,000	10,000
Centres of Vocational Excellence	5,000	5,000	5,000	5,000
Early Childhood Education Qualification Translation	104	-	145	61
Information and Communications Technology Graduate Schools (Development and Delivery)	-	1,500	-	750
Māori and Pacific Trades Training (Brokerage)	1,445	3,034	3,034	867
Māori and Pacific Trades Training (Consortia)	4,889	5,961	5,961	2,866
National Centre for Tertiary Teaching Excellence	3,556	3,556	3,556	3,556
Qualification Development Fund	591	1,000	800	502
Quality Teaching Agenda (Ministry of Education administered)	1,044	2,384	2,384	566
Workforce Development Councils / Transitional Industry Training Organisations COVID-19 Response Projects Fund	10,798	3,000	10,872	5,128
Workforce Development Council Establishment Fund	3,850	6,000	3,850	4,798
Total revenue	42,815	42,435	46,802	34,344

Tertiary Sector / Industry Collaboration Projects	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
EXPENSES				
Adult and Community Education (Development and Delivery)	1,538	1,000	1,200	250
Centres of Asia-Pacific Excellence	10,000	10,000	10,000	10,000
Centres of Vocational Excellence	5,000	5,000	5,000	5,000
Early Childhood Education Qualification Translation	104	-	145	61
Information and Communications Technology Graduate Schools (Development and Delivery)	-	1,500	-	750
Māori and Pacific Trades Training (Brokerage)	1,445	3,034	3,034	867
Māori and Pacific Trades Training (Consortia)	4,889	5,961	5,961	2,866
National Centre for Tertiary Teaching Excellence	3,556	3,556	3,556	3,556
Qualification Development Fund	591	1,000	800	502
Quality Teaching Agenda (Ministry of Education administered)	1,044	2,384	2,384	566
Workforce Development Councils / Transitional Industry Training Organisations COVID-19 Response Projects Fund	10,798	3,000	10,872	5,128
Workforce Development Council Establishment Fund	3,850	6,000	3,850	4,798
Total expenses	42,815	42,435	46,802	34,344
Surplus/(deficit)	-	-	-	-

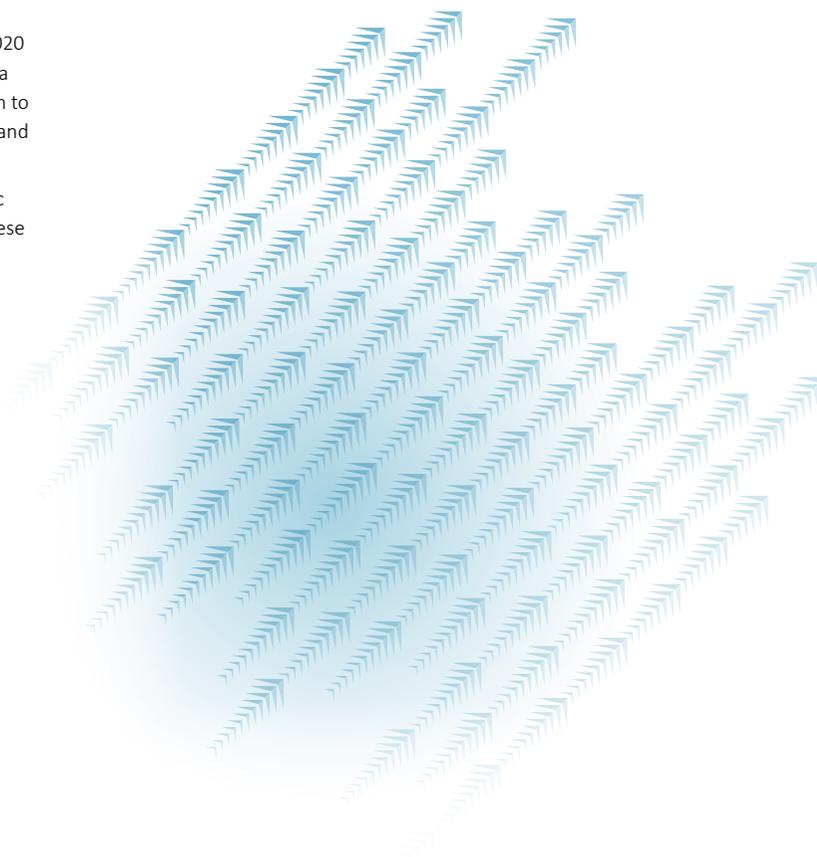
Tertiary Sector / Industry Collaboration Projects

Measure	2021 Target	2021 Actual	2020 Actual
All Centres of Asia-Pacific Excellence show progress towards achieving delivery of their specific long-term outcomes as stated in their Outcomes Statements (Notes 1 and 2)	Achieved	Achieved	Not Applicable
Total number of activities that supported business to develop skills or capability to enhance their effectiveness as participants in the Asia-Pacific market (Note 3)	Baseline year	81	Not Applicable

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

Note 2 – All three Centres of Asia-Pacific Excellence are showing progress towards achieving delivery of their long-term outcomes, in essence, better preparing New Zealand to do business and engage with North and South-East Asia, and Latin America. Following the 2020 mid-term review, they have developed a strategic plan that builds on their academic base, adopted a cross-CAPE approach, developed a revised Performance Management Framework and assembled a skilled and unified team across four universities. This has allowed them to offer programmes that strengthen global citizenship and Asia-Pacific language skills, increase market skills for New Zealand businesses and promote Asia-Pacific engagement.

Note 3 – A third (81) of the 243 CAPE activities were targeted at supporting businesses to increase their effectiveness in the Asia-Pacific market, using webinars, in-person and hybrid events, on a diverse range of topics. More than 2,800 people were involved directly in these business-related events, with some of the resources remaining online for a much larger audience.



He Auahatanga ka arahina e ngā Whare Wānanga

University-led Innovation

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

This appropriation links to our strategic goals



Supporting all learners to succeed



Connecting educators and employers



Increasing research quality and capability



Building provider capability and monitoring performance

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
University-led Innovation				
REVENUE				
Crown revenue	8,254	9,350	8,255	9,198
Total revenue	8,254	9,350	8,255	9,198
Total expenses	8,254	9,350	8,255	9,198
Surplus/(deficit)	-	-	-	-

University-led Innovation

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

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

Note 2 – All reporting targets were met and the associated milestone payments actioned. The Annual Reports were assessed and regarded as 'acceptable'. As the Entrepreneurial Universities initiative matures, it is clear that it is having the intended purpose of stimulating increased innovation and entrepreneurship.

Ngā Kaunihera Ohu Mahi Whakawhanake

Workforce Development Councils

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



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
Workforce Development Councils				
REVENUE				
Crown revenue	50,150	48,000	50,150	-
Total revenue	50,150	48,000	50,150	-
Total expenses	50,150	48,000	50,150	-
Surplus/(deficit)	-	-	-	-

Workforce Development Councils

Measure	2021 Target	2021 Actual	2020 Actual
All Workforce Development Councils have approved and funded Operational Plans in place by 30 June 2022 (Notes 1 and 2)	Achieved	Achieved	Not Applicable

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

Note 2 – The Workforce Development Councils submitted their draft Operational Plans at the end of March 2022, followed by final Operational Plans at the end of April 2022. All six Workforce Development Council Operational Plans were approved by the TEC Board on 31 May 2022 for 2022/23 funding.

He Karahipi, he Whakawhiwhinga hoki mō te Taumata Mātauranga Matua

Tertiary Scholarships and Awards

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

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

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

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
Tertiary Scholarships and Awards				
REVENUE				
Crown revenue				
Tertiary Teaching Awards	200	200	200	200
Trainee Medical Intern Grant	14,493	14,604	14,604	13,863
Ministry of Education administered awards	4,854	5,064	5,309	671
Total revenue	19,547	19,868	20,113	14,734
EXPENSES				
Tertiary Teaching Awards	200	200	200	200
Trainee Medical Intern Grant	14,493	14,604	14,604	13,863
Ministry of Education administered awards	4,854	5,064	5,309	671
Total expenses	19,547	19,868	20,113	14,734
Surplus/(deficit)	-	-	-	-

An exemption was granted under section 15D(2)(b)(ii) of the Public Finance Act 1989, as additional performance information is unlikely to be informative because this appropriation is solely for payments of Tertiary Scholarships and Awards under the Education and Training Act 2020.

He Akoako, he Whakangungu hoki i te Taumata Mātauranga Matua

Tertiary Tuition and Training

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

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

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
Tertiary Tuition and Training (MCA)				
REVENUE				
Crown revenue				
Community Education	71,574	85,497	86,376	51,183
Tertiary Education: Student Achievement Component	2,320,016	2,376,032	2,336,032	1,473,178
Training for Designated Groups	319,930	306,243	306,243	157,029
Fees-free Payments	493,559	541,344	521,344	337,646
Total revenue	3,205,079	3,309,116	3,249,995	2,019,036
EXPENSES				
Community Education	71,574	85,497	86,376	45,682
Tertiary Education: Student Achievement Component	2,320,016	2,376,032	2,336,032	1,504,286
Training for Designated Groups	319,930	306,243	306,243	162,625
Fees-free Payments	493,559	541,344	521,344	337,646
Total expenses	3,205,079	3,309,116	3,249,995	2,050,239
Surplus/(deficit)	-	-	-	(31,203)

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

Overall measure

Measure	2021 Target	2021 Actual	2020 Actual
Percentage of Student Achievement Component and Youth Guarantee learners who complete 75% of their courses	At least 75% (Note 1)	74.9% (Note 2)	75.8%

Note 1 – This target was incorrectly reported as ‘At least 81.3%’ in our *Statement of Performance Expectations 2021/22* due to a typographical error. The correct target was ‘At least 75%’.

Note 2 – COVID-19 continued to impact learners during the 2021 year with the upper parts of New Zealand going into Alert Level restrictions for several months. Factors affecting a learner’s ability to continue learning and complete their course may have included: loss of income, increased living expenses and additional personal responsibilities.



Mātauranga ā-Hapori Community Education

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
Community Education				
REVENUE				
Crown revenue				
Adult and Community Education	25,964	27,515	28,428	11,031
Emergency Management Pool	1,077	1,604	1,504	783
English for Speakers of Other Languages	15,123	17,437	18,003	7,911
Literacy and Numeracy Provision	29,410	38,941	38,441	31,458
Total revenue	71,574	85,497	86,376	51,183
EXPENSES				
Adult and Community Education	25,964	27,515	28,428	15,009
Emergency Management Pool	1,077	1,604	1,504	(5)
English for Speakers of Other Languages	15,123	17,437	18,003	8,522
Literacy and Numeracy Provision	29,410	38,941	38,441	22,156
Total expenses	71,574	85,497	86,376	45,682
Surplus/(deficit)	-	-	-	5,501

Revenue and expenditure were \$14 million below budget. This was primarily owing to lower demand for literacy and numeracy courses.

Revenue and expenses increased from last year. 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. This caused an additional \$36 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21.

Community Education

Measure	2021 Target	2021 Actual	2020 Actual
Percentage of learners accessing at least the minimum desired range (hours) of provision (Note 1)			
Intensive literacy and numeracy	At least 53%	59.5%	52.9%
Workplace Literacy and Numeracy (tertiary education organisation-led)	At least 63%	70.2% (Note 2)	73.7%
English for Speakers of Other languages (ESOL)	At least 93%	91.3% (Note 3)	92.9%

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

Note 2 – As COVID-19 continued to have an impact on learners, 70.2% still managed to access the desired range of hours. This could be attributed to TEOs being allowed to deliver Workplace Literacy and Numeracy via online training.

Note 3 – The slight drop in English for Speakers of Other Languages learners achieving the desired range of hours could be attributed to borders being closed and not many immigrants entering the country. It could also be due to falling enrolments, as many people chose to go into employment.

Adult Community Education in communities

Measure	2021 Target	2021 Actual	2020 Actual
Number of Adult Community Education learner hours	At least 873,338	978,152 (Note 1)	873,338

Note 1 – The increase in ACE in community learner hours is likely due to TEOs being able to deliver ACE online, extension and additional hours granted for some learners and some new ACE providers.

Mātauranga Matua: Wāhanga Whakatutukitanga Ākonga

Tertiary Education: Student Achievement Component

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

This appropriation links to our strategic goals



**Supporting
all learners
to succeed**



Connecting
educators
and employers



**Increasing
research quality
and capability**



Building provider
capability and
monitoring
performance

Tertiary Education: Student Achievement Component

REVENUE

Crown revenue

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
Provision at levels 1 and 2	79,329	90,999	90,999	66,036
Provision at levels 3 and above	2,238,247	2,282,594	2,242,594	1,402,502
– Universities	1,517,855	1,343,136	1,348,864	869,884
– Te Pūkenga – New Zealand Institute of Skills and Technology	539,922	562,866	559,356	327,733
– Wānanga	111,783	150,627	149,659	52,954
– Private Training Establishments	68,687	225,965	184,715	151,931
Grant under section 556 of the Education and Training Act 2020 to School of Dance and School of Drama	2,440	2,354	2,354	2,322
Information and Communications Technology Graduate Programmes	-	85	85	2,318
Technology Access Fund	-	-	-	-
Total revenue	2,320,016	2,376,032	2,336,032	1,473,178

Tertiary Education: Student Achievement Component	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
EXPENSES				
Provision at levels 1 and 2	79,329	90,999	90,999	59,461
Provision at levels 3 and above	2,238,247	2,282,594	2,242,594	1,445,391
– Universities	1,517,855	1,343,136	1,348,864	874,892
– Te Pūkenga – New Zealand Institute of Skills and Technology	539,922	562,866	559,356	321,922
– Wānanga	111,783	150,627	149,659	87,265
– Private Training Establishments	68,687	225,965	184,715	161,312
Grant under section 556 of the Education and Training Act 2020 to School of Dance and School of Drama	2,440	2,354	2,354	2,411
Information and Communications Technology Graduate Programmes	-	85	85	(5,848)
Technology Access Fund	-	-	-	2,871
Total expenses	2,320,016	2,376,032	2,336,032	1,504,286
Surplus/(deficit)	-	-	-	(31,108)

Revenue and expenditure were \$56 million below budget.

As part of Budget 2022, we agreed to transfer \$40 million of “Provision at levels 3 and above” budget into 2022/23 from 2021/22 to meet the higher number of students forecast for 2022/23. Provision at levels 1 and 2 also showed an underspend of \$12 million following lower demand than available funding.

Revenue and expenses increased from last year. 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. This caused an additional \$825 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21.

Tertiary Education: Student Achievement Component

All learners

COVID-19 continued to impact the 2021 year with the upper parts of New Zealand going into Alert Level restrictions for several months. These restrictions both reduced the ability for face-to-face learning and impacted learners' personal lives. Many learners faced loss of income, increased living expenses and additional personal responsibilities, which impacted their ability to continue learning and complete their courses.

Measure	Level	2021 Target	2021 Actual	2020 Actual
Qualification completion				
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	At least 56.6%	59.3%	57.8%
	Level 7 degree and above	At least 61%	62.1%	61.2%

Measure	Level	2021 TEO commitments	2021 Actual	2020 Actual
Course completion				
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Levels 1-10	83.2%	82.6% (Note 1)	83.2%
Progression				
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		45.3%	40.7% (Note 1)	36.4%
Retention				
First year retention rates for qualification at:	Levels 4-7 non-degree	59.2%	62.2%	59.3%
	Level 7 degree and above	82.9%	77.1% (Note 1)	76.7%

Note 1 – While overall course completion is marginally less in 2021 than in 2020, overall qualification completion, progression and retention rates have all improved in 2021. The sector adapted quickly to the restrictions leveraging previous experience from prior COVID-19 lockdowns to continue delivering with as little disruption as possible. Where possible, modes of delivery were temporarily transferred to online learning, enabling much of the learning to continue for many learners and allow for sustained course completion and progression compared to 2020, especially at Level 7 degree and above. While this action supported many learners, limitations still existed for other learners who may not have been able to continue learning remotely due to the nature of their courses and personal circumstances.

He Whakangungu mā ngā Rōpū ka Tohua

Training for Designated Groups

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

This appropriation links to our strategic goals



**Supporting
all learners
to succeed**



**Connecting
educators
and employers**



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
Training for Designated Groups				
REVENUE				
Crown revenue				
Gateway	19,218	22,564	22,564	12,561
Industry Training Fund	247,354	200,098	200,098	88,800
Industry Training Fund – Direct Access Scheme	1,013	5,088	5,088	5,070
Industry Training-related Projects	1,099	3,950	3,950	3,950
Youth Guarantee	51,246	74,543	74,543	46,648
Total revenue	319,930	306,243	306,243	157,029
EXPENSES				
Gateway	19,218	22,564	22,564	10,670
Industry Training Fund	247,354	200,098	200,098	114,714
Industry Training Fund – Direct Access Scheme	1,013	5,088	5,088	-
Industry Training-related Projects	1,099	3,950	3,950	1,267
Youth Guarantee	51,246	74,543	74,543	35,974
Total expenses	319,930	306,243	306,243	162,625
Surplus/(deficit)	-	-	-	(5,596)

Revenue and expenditure were \$14 million above budget owing to high demand for Industry Training. Youth Guarantee has been reducing in recent years owing to low unemployment rates.

Revenue and expenses increased from last year. 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. This caused an additional \$139 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21.

Training for Designated Groups

Industry training programme completion

All Learners

Measure	Group	2021 Target	2021 Actual	2020 Actual
Percentage completing programmes (Note 1)	All learners	At least 67%	65.9%	66.2%
	Industry Trainees	At least 69%	68.9%	68.2%
	Apprentices	At least 55.5%	55.0%	55.4%

Note 1 – All industry training and apprenticeships were directly and significantly impacted by the COVID-19 restrictions. The programme completion is dependent on the completion of both block courses and on-the-job training, both unable to be completed where face-to-face interaction was restricted.

Youth Guarantee

Measure	2021 Target	2021 Actual	2020 Actual
Percentage of Youth Guarantee learners completing qualifications at levels 2 or 3	At least 60%	62%	51.2%

Gateway

Measure	2021 Target	2021 Actual	2020 Actual
Total participants and number of schools	13,200 ± 5% in up to 375 schools	13,907 in 377 schools (Note 1)	14,660 in 386 schools (Note 2)

Note 1 – Gateway is meeting the targets despite the increased difficulties due to COVID-19. Increased learner volumes in 2021 may be partly a result of an additional funding round held early in 2021.

Note 2 – Total participants is the number of participants funded each year. Actual funded in 2020 includes 1,985 learners funded but not delivered as a result of COVID-19 recovery write off. The total number of participants in 2020 (excluding those funded but not delivered) was 12,675.

He Utu Nama-kore Fees-free Payments

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
Fees-free Payments				
REVENUE				
Crown revenue				
Fees-free Payments	238,746	381,344	361,344	139,226
Targeted Training and Apprenticeship Fund	254,813	160,000	160,000	198,420
Total revenue	493,559	541,344	521,344	337,646
EXPENSES				
Fees-free Payments	238,746	381,344	361,344	139,226
Targeted Training and Apprenticeship Fund	254,813	160,000	160,000	198,420
Total expenses	493,559	541,344	521,344	337,646
Surplus/(deficit)	-	-	-	-

Revenue and expenses were \$48 million below budget. Our budget is set to ensure that sufficient funding is available for the TEC to pay providers. Increased demand for the Targeted Training and Apprenticeship Fund was driven by high demand for Industry Training as shown in the Training for Designated Groups category of the multi-category appropriation. In addition, \$20 million of unallocated funding was transferred to the Access to Tertiary Education appropriation to increase funding for the Hardship Fund for Learners.

Revenue and expenses increased from last year. 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. This caused an additional \$89 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21.

Fees Free Payments

Measure	2021 Target	2021 Actual	2020 Actual
Average fees-free payments (including GST) received by first year Fees Free learners (Note 1)	At least \$6,168.80	\$6,643 (Note 2)	\$5,857

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

Note 2 – The increase in average fees-free payments is likely attributable to more learners not needing Fees Free due to the Targeted Training and Apprenticeship Fund (TTAF). These learners using TTAF instead of Fees Free are typically enrolled in courses with fees lower than average.

Trend information only (no target set)

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

Note 1 – The drop in fees-free first-time learners continues to be driven by the uptake of the Targeted Training and Apprenticeship Fund.

Targeted Training and Apprenticeships

2020 Trend information (no target set)

Measure	2021 Target	2021 Actual	2020 Actual
Number of learners in Targeted Training and Apprenticeships Fund-eligible apprenticeships (Notes 1 and 2)	At least 48,765	77,835	53,635 (Note 3)

Note 1 – The Targeted Training and Apprenticeship Fund (TTAF) was introduced in July 2020 to cover fees for learners in all apprenticeships and a range of sub-degree level programmes until 31 December 2022. It targets industry areas that are expected to grow, or where more skills are needed, as New Zealand recovers from the social and economic impacts of COVID-19. Apprenticeships include New Zealand Apprenticeships, Modern Apprenticeships and Managed Apprenticeships.

Note 2 – TTAF has supported 77,835 apprentices in the 2021 calendar year (not all of these learners are new learners in 2021, learners can be reported in multiple years). This result exceeded the target by 29,070 (59.6%). The target was based on pre-COVID-19 apprenticeship numbers.

Note 3 – TTAF came into effect at 1 July 2020. During the six-month period (July to December 2020) there were 53,635 learners in TTAF-eligible apprenticeships.



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.

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.

COVID-19 continued to impact Māori and Pacific learners in 2021. They have larger representation in the central and upper north island, where the COVID-19 restrictions were more prevalent and had greater impact on learners. These restrictions both reduced the ability for face-to-face learning and impacted learners' personal lives. Many Māori and Pacific learners will have faced loss of income, increased living expenses and additional personal responsibilities, which impacted their ability to continue learning and complete their courses and qualifications.

Māori learners

Tertiary Education: Student Achievement Component

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

Measure	Level	2021 Target	Group	2021 Actual		2020 Actual	
		Parity gap			Parity gap		Parity gap
Qualification completion							
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	Maintain no parity gap	Māori	58.7%	-1.5 percentage points	60.5%	+3.8 percentage points
			Non-Māori and non-Pacific	60.2%		56.7%	
	Level 7 degree and above	No more than -15.2 percentage points	Māori	50.8%	-14.8 percentage points	49.4%	-15.1 percentage points
			Non-Māori and non-Pacific	65.6%		64.5%	

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

Measure	Level	Group	2021 Target		2021 Actual		2020 Actual	
			TEO commitments	Parity gap		Parity gap		Parity gap
Course completion								
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Levels 1-10	Māori	79.3%	-6.3 percentage points	73.5%	-12.9 percentage points (Note 1)	73.0%	-14.2 percentage points
		Non-Māori and non-Pacific	85.6%		86.4%		87.2%	
Progression								
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		Māori	45.6%	+0.9 percentage points	43.5%	+4.0 percentage points	37.0%	+0.8 percentage points
		Non-Māori and non-Pacific	44.7%		39.5%		36.2%	
Retention								
First year retention rates for qualification at:	Levels 4-7 non-degree	Māori	58.7%	-1.4 percentage points	59.1%	-4.6 percentage points (Note 1)	54.3%	-6.9 percentage points
		Non-Māori and non-Pacific	60.1%		63.7%		61.2%	
	Level 7 degree and above	Māori	72.1%	-6.6 percentage points (Note 2)	69.3%	-9.8 percentage points (Note 1)	69.1%	-9.8 percentage points
		Non-Māori and non-Pacific	78.7% (Note 2)		79.1%		78.9%	

Note 1 – Although the parity gap target was not achieved, the parity gap was reduced or stayed the same for these measures:

- › Course completion: 1.3 percentage point drop in the parity gap compared to last year's result
- › Retention (Levels 4-7 non-degree): 2.3 percentage point reduction in parity gap compared to last year's result
- › Retention (Level 7 degree and above): Parity gap stayed the same.

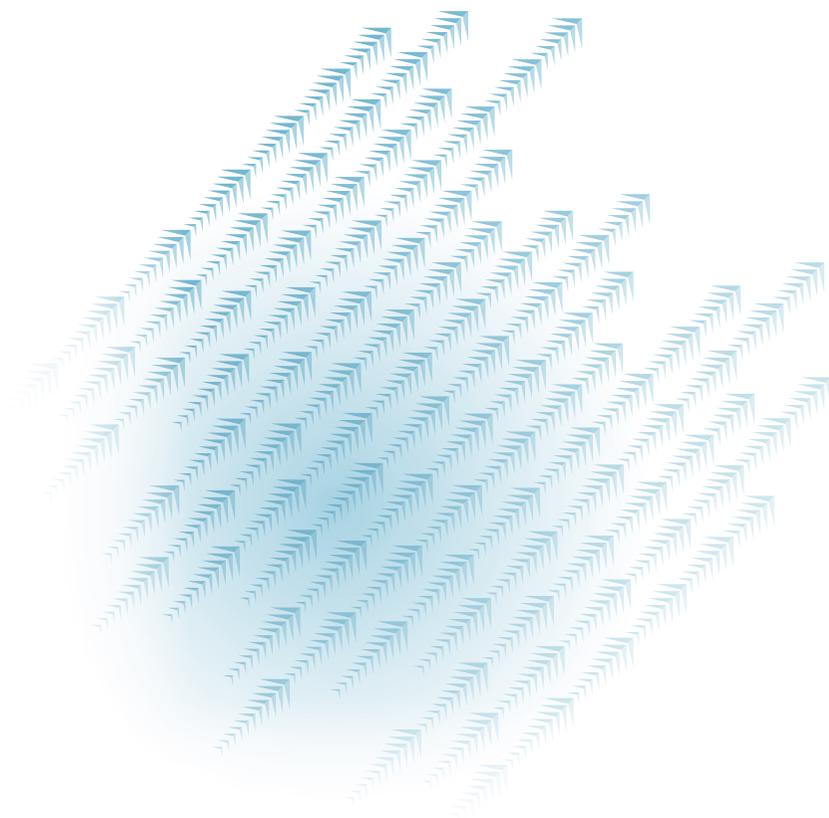
Note 2 – The TEO commitments target for non-Māori and non-Pacific, and the associated parity gap for first year retention at level 7 degree and above, were incorrectly reported in our *Statement of Performance Expectations 2021/22* due to typographical errors. The TEO commitment was reported as '82.9%' – correct target was '78.7%'. The parity gap was reported as '-10.8 percentage points' – correct parity gap was '-6.6' percentage points.

Training for Designated Groups – Industry training programme completion

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

Measure	Group	2021 Target	2021 Actual		2020 Actual	
		Parity gap	Programme completion	Parity gap	Programme completion	Parity gap
Percentage completing programmes (Note 1)	Māori	No more than -5.0 percentage points	61.4%	-5.7 percentage points	62.2%	-5.0 percentage points
	Non-Māori and non-Pacific		67.1%		67.2%	

Note 1 – All industry training and apprenticeships were directly and significantly impacted by the COVID-19 restrictions. The programme completion is dependent on the completion of both block courses and on-the-job training, both unable to be completed where face-to-face interaction was restricted.



Pacific learners

Tertiary Education: Student Achievement Component

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

Measure	Level	2021 Target	Group	2021 Actual		2020 Actual	
		Parity gap		Qualification completion	Parity gap	Qualification completion	Parity gap
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	No more than -1.0 percentage points	Pacific	56.1%	-4.1 percentage points	55.7%	-1.0 percentage points
			Non-Māori and non-Pacific	60.2%		56.7%	
	Level 7 degree and above	No more than -16.8 percentage points	Pacific	46.2%	-19.4 percentage points	47.7%	-16.8 percentage points
			Non-Māori and non-Pacific	65.6%		64.5%	

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

Measure	Level	Group	2021 Target		2021 Actual		2020 Actual	
			TEO commitments	Parity gap		Parity gap		Parity gap
Course completion								
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Levels 1-10	Pacific	75.4%	-10.2 percentage points	71.7%	-14.7 percentage points	73.2%	-14.0 percentage points
		Non-Māori and non-Pacific	85.6%		86.4%		87.2%	
Progression								
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		Pacific	46.8%	+2.1 percentage points	39.3%	-0.2 percentage points (Note 1)	34.7%	-1.5 percentage points
		Non-Māori and non-Pacific	44.7%		39.5%		36.2%	
Retention								
First year retention rates for qualification at:	Levels 4-7 non-degree	Pacific	53.0%	-7.1 percentage points	53.2%	-10.5 percentage points	52.4%	-8.8 percentage points
		Non-Māori and non-Pacific	60.1%		63.7%		61.2%	
	Level 7 degree and above	Pacific	74.7%	-4.0 percentage points	71.6%	-7.5 percentage points (Note 1)	70.3%	-8.6 percentage points
		Non-Māori and non-Pacific	78.7%		79.1%		78.9%	

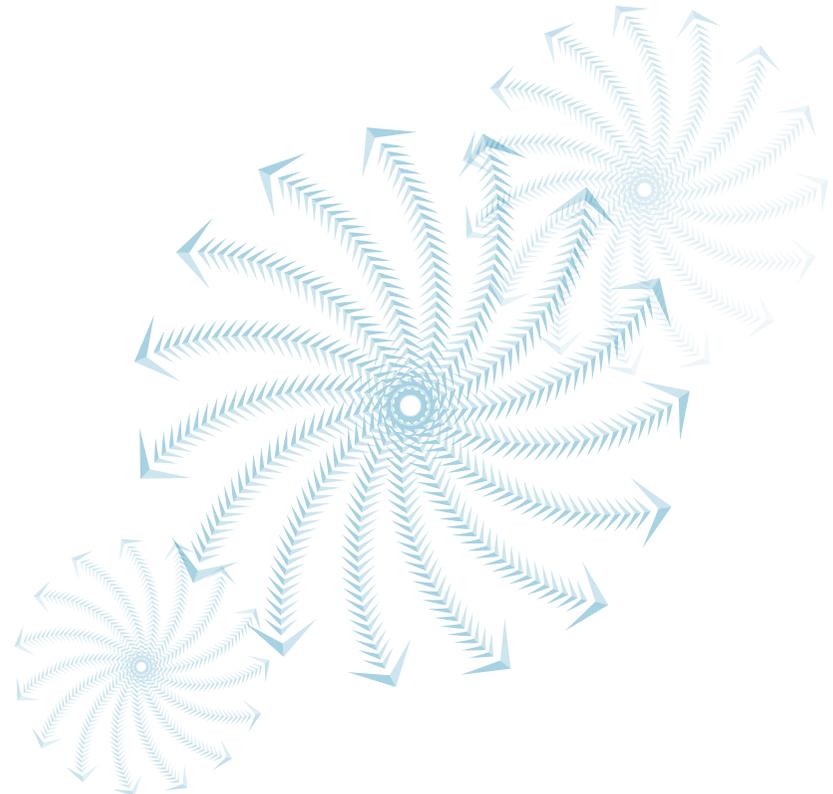
Note 1 – Although the parity gap target was not achieved, the parity gap was reduced for these measures:

- › Progression: 1.3 percentage point decrease in the parity gap compared to last year's result
- › Retention (Level 7 degree and above): 1.1 percentage point reduction compared to last year's result.

Training for Designated Groups – Industry training programme completion

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

Measure		Group	2021 Target	2021 Actual		2020 Actual	
			Parity gap	Programme completion	Parity gap	Programme completion	Parity gap
Percentage completing programmes	Pacific	No more than -1.5 percentage points	65.7%	-1.4 percentage points	65.6%	-1.6 percentage points	
	Non-Māori and non-Pacific		67.1%		67.2%		



Rohenga pūtea kāwanatanga mā te Mātauranga Matua

Vote Education appropriations

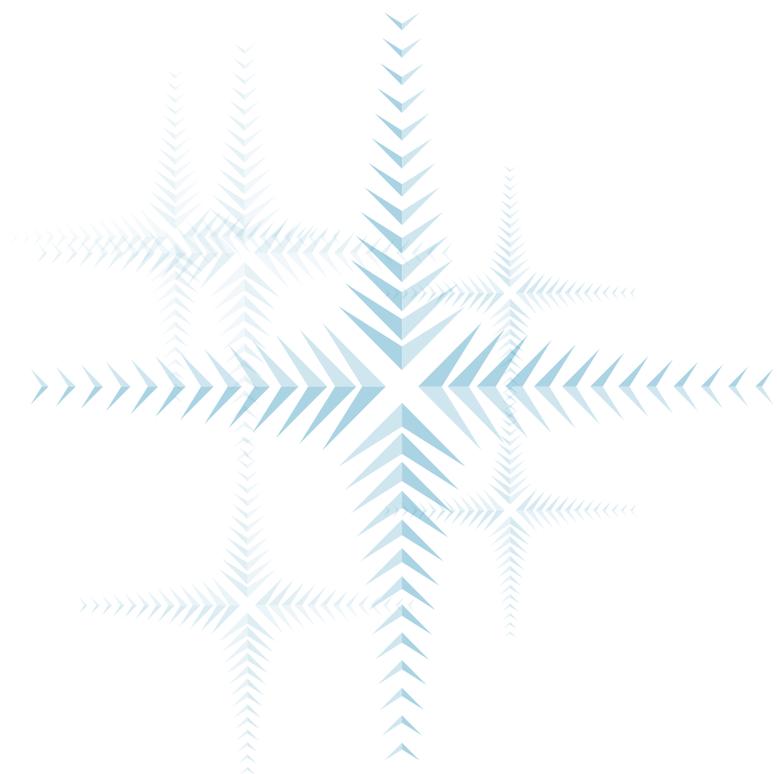
Mai i te Kura Tuarua ki te Taumata Mātauranga Matua

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	2021/22 Actual \$000	2021/22 Budget \$000	2021/22 Supplementary Estimates \$000	2020/21 Actual \$000
REVENUE				
Crown revenue	29,691	30,564	31,183	15,057
Total revenue	29,691	30,564	31,183	15,057
Total expenses	29,691	30,564	31,183	15,057
Surplus/(deficit)	-	-	-	-

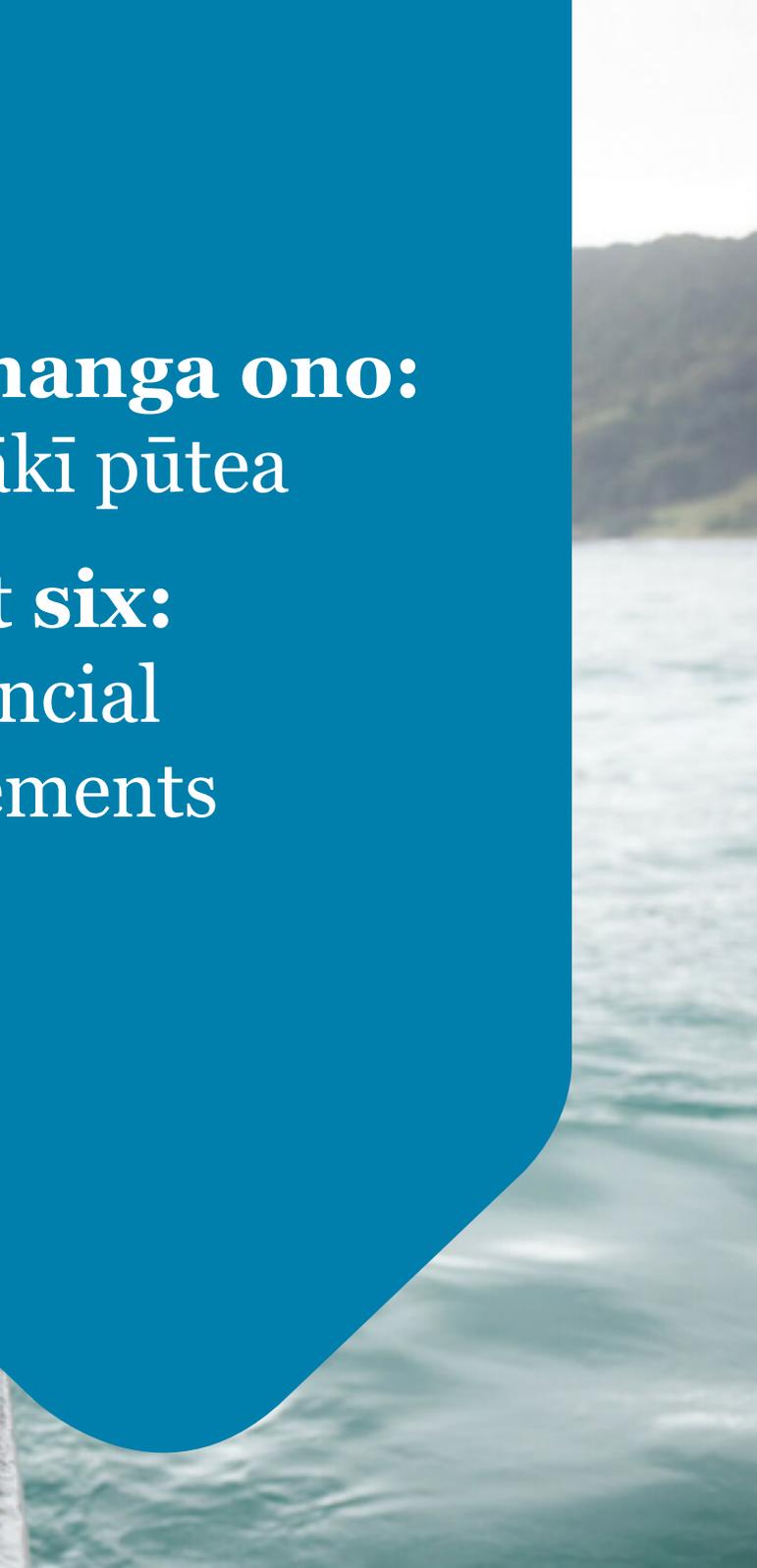
Revenue and expenses increased from last year. In March 2020, the Minister of Education confirmed that we would continue to fund tertiary education organisations at their pre-COVID-19 levels despite any potential reduction in student numbers. This caused an additional \$14 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21.





**Wāhanga ono:
Tauākī pūtea**

**Part six:
Financial
statements**



Ā mātou tauākī pūtea

Our financial statements explained

Our expenditure explained

We have two types of expenditure:

- › Grants: we invest approximately \$3.8 billion into tertiary education organisations annually. We receive this funding from the Crown through the Ministry of Education.
- › Operating: we also receive a much smaller amount (around \$80 million) to cover our operating expenses. Over 70% of our operating costs are staff, rent and overheads. These core costs do not fluctuate significantly from year to year. The remaining amount is spent on projects and programmes, such as the Reform of Vocational Education.

Last year's grants revenue and expenditure was \$1.1 billion lower because of COVID-19

Our current year grants revenue and expenditure are \$3.8 billion. This compares to last year's COVID-19-affected figures of \$2.6 billion. Last year's grants revenue and expenditure was \$1.1 billion less than usual.

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

This decision was designed to give certainty to education providers but it caused a big change in our financial statements. We unconditionally guaranteed tertiary education organisations' funding for the entire 2020 calendar year and therefore recognised the full 2020 calendar year funding expense in the 2019/20 year. This increased both our revenue and expenses in 2019/20 by \$1.1 billion and decreased 2020/21 revenue and expenses by \$1.1 billion. The change was only to acknowledge our future obligations. The schedule of cash payments remained the same.



Tauākī Pūrongo
Whānui mō te
Moni Whiwhi,
Moni Utu Hoki

Statement of
Comprehensive
Revenue and
Expense

For the year ended 30 June

	Notes	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
REVENUE				
Grants revenue:				
Vote Education/Tertiary Education – Ministry of Education (MoE) (Note 1 below)	1	3,824,843	3,882,100	2,582,937
Prior year recoveries – net		227	2,000	3,650
Total grants revenue		3,825,070	3,884,100	2,586,587
Operating revenue:				
Vote Tertiary Education – MoE	1	76,592	77,230	81,924
Contract – Direct Career Services	1	2,000	-	-
Contract – Pre-purchased English Language Tuition	1	530	442	605
Contract – Migrant Futures		-	-	1,676
Other revenue		1,357	1,248	1,381
Total operating revenue		80,479	78,920	85,586
Finance revenue:				
Interest – grants	1	382	33	36
Interest – operating	1	330	180	297
Total finance revenue		712	213	333
Total revenue		3,906,261	3,963,233	2,672,506

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

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

The accompanying notes form part of these financial statements.

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

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

For the year ended 30 June

	Notes	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
EXPENSE				
Grants expense:				
Grants expense (Note 1 below)		3,824,842	3,881,600	2,614,583
Bad and doubtful debts	2	1	500	(443)
Total grants expense	2	3,824,843	3,882,100	2,614,140
Operating expense:				
Personnel costs	5	55,868	56,701	55,569
Amortisation	8	4,555	2,900	3,245
Depreciation	9	981	1,494	1,256
Other expenses	6	23,325	22,040	28,895
Total operating expense		84,729	83,135	88,965
Total expense		3,909,572	3,965,235	2,703,105
SURPLUS/(DEFICIT)				
Grants surplus/(deficit)		609	2,033	(27,517)
Operating surplus/(deficit)		(3,920)	(4,035)	(3,082)
Total comprehensive revenue and expense		(3,311)	(2,002)	(30,599)

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

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

Tauākī Āhuetanga Ahumoni

Statement of Financial Position

As at 30 June

	Notes	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
CURRENT ASSETS				
Receivables	4,16	538,478	497,242	647,037
Cash and cash equivalents	7,16	83,266	64,932	113,883
Prepayments		1,253	1,020	1,139
Total current assets		622,997	563,194	762,059
NON-CURRENT ASSETS				
Intangible assets	8	21,003	31,337	15,172
Property, plant and equipment	9	4,209	6,453	4,200
Total non-current assets		25,212	37,790	19,372
Total assets		648,209	600,984	781,431
CURRENT LIABILITIES				
Payables	3,16	497,032	501,599	610,475
Pre-purchased English Language Tuition – fees in advance	11	13,093	14,461	17,534
Repayment of grants funding – MoE	13	8,734	33	25,679
Employee entitlements	10	3,703	3,632	3,501
GST payable		4,985	(3,515)	5,336
Provision for lease	12	153	-	-
Total current liabilities		527,700	516,210	662,525

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

Tauākī Āhuratanga
Ahumoni
(haere tonu)
**Statement of
Financial Position
(continued)**

As at 30 June

	Notes	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
NON-CURRENT LIABILITIES				
Payables	3,16	568	568	718
Provision for lease	12	120	150	120
Employee entitlements	10	615	714	669
Total non-current liabilities		1,303	1,432	1,507
Total liabilities		529,003	517,642	664,032
Net assets		119,206	83,342	117,399
EQUITY				
General funds	14	119,206	83,342	117,399
Total equity		119,206	83,342	117,399

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

Tauākī Panoni Wāriu

Statement of Changes in Equity

For the year ended 30 June

	Notes	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
EQUITY				
Balance at 1 July		117,399	71,577	139,534
Total comprehensive revenue and expense for the year		(3,311)	(2,002)	(30,599)
Repayment of grants interest – MoE	13	(382)	(33)	(36)
Capital contributions		5,500	13,800	8,500
Balance at 30 June	14	119,206	83,342	117,399

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

Tauākī Whiwhinga, Whakapaunga Moni

Statement of Cash Flows

For the year ended 30 June

Notes	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Grants – MoE	3,943,050	4,035,143	3,615,098
Grants – prior year recoveries	3,401	2,000	3,650
Grants – Pre-purchased English Language Tuition	1,262	(2,934)	3,289
Operating – MoE	76,592	77,230	81,924
Operating – Pre-purchased English Language Tuition	126	149	328
Operating – other	3,470	1,248	3,178
	4,027,901	4,112,836	3,707,467
<i>Cash was applied to:</i>			
Grants payments	(3,945,297)	(4,034,743)	(3,608,868)
Payments to employees	(55,713)	(56,325)	(55,388)
Other operating payments	(26,064)	(22,126)	(25,931)
GST – net	(3,001)	526	3,069
	(4,030,075)	(4,112,668)	(3,687,118)
Net cash flows from operating activities	(2,174)	168	20,349

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

Tauākī Whiwhinga, Whakapaunga Moni (haere tonu)

Statement of Cash Flows (continued)

For the year ended 30 June

Notes	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Interest – grants	382	-	-
Interest – operating	291	180	336
Sale of property, plant and equipment	56	-	12
	729	180	348
<i>Cash was applied to:</i>			
Purchase of intangible assets	(11,384)	(18,524)	(5,401)
Purchase of property, plant and equipment	(934)	(3,276)	(1,311)
	(12,318)	(21,800)	(6,712)
Net cash flows from investing activities	(11,589)	(21,620)	(6,364)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Capital Contribution – MoE	5,500	13,800	8,500
<i>Cash was applied to:</i>			
Repayment of grants funding – MoE	(22,354)	(7)	(1,257)
Net cash flows from financing activities	(16,854)	13,793	7,243
Net increase/(decrease) in cash and cash equivalents	(30,617)	(7,659)	21,228
Cash and cash equivalents at 1 July	113,883	72,591	92,655
Cash and cash equivalents at 30 June	7	83,266	113,883

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

Tauākī Whiwhinga,
Whakapaunga Moni
(haere tonu)

**Statement of
Cash Flows
(continued)**

For the year ended 30 June

Notes	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
Total comprehensive revenue and expense	(3,311)	(2,002)	(30,599)
Add non-cash items			
Depreciation and amortisation	5,536	4,394	4,501
Loss/(gain) on disposal of intangible assets and property, plant and equipment	977	-	109
Total non-cash items	6,513	4,394	4,610
Deduct interest – operating classified as investing activities	(673)	(180)	(336)
Deduct interest – grants classified within repayment of grants funding – MoE within financing activities	-	(33)	-
Add/(less) operating movements in statement of financial position items			
(Increase)/decrease in receivables	108,559	152,895	1,049,119
(Increase)/decrease in prepayments	(114)	(20)	31
Increase/(decrease) in GST payable	(351)	526	3,068
Increase/(decrease) in employee entitlements	148	334	179
Increase/(decrease) in payables	(113,532)	(152,519)	(996,792)
Increase/(decrease) in Pre-purchased English Language Tuition – fees in advance	(4,441)	(3,227)	(3,044)
Increase/(decrease) in repayment of grants funding – MoE	5,028	-	(5,887)
Total movements in statement of financial position items	(4,703)	(2,011)	46,674
Net cash flows from operating activities	(2,174)	168	20,349

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



He Pito Kōrero mō ngā Tauākī Ahumoni

Notes to the financial statements

1. Statement of accounting policies

Reporting entity

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

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

Our financial statements are for the year ended 30 June 2022 and were approved by our Board of Commissioners on 15 December 2022.

Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the Education and Training Act 2020 and Crown Entities Act 2004, which include the requirement to comply with generally accepted accounting practice in Aotearoa New Zealand (NZ GAAP).

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

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

Presentation currency and rounding

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

Standards issued and not yet effective but have been early adopted

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

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

Standards issued and not yet effective and not early adopted

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

We do not intend to early adopt this standard.

Summary of significant accounting policies

Significant accounting policies are included in the related notes.

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

Revenue

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

Revenue from Crown

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

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

Contract revenue – Direct Career Services

Ministry of Social Development (MSD) funded us \$2 million to deliver Direct Careers Services to Aotearoa New Zealanders from 1 July 2021 to 30 June 2022 to ensure there was no cost to end users. We recognised the \$2 million of revenue from MSD throughout the financial year as we delivered the contract.

Contract revenue – Pre-purchased English Language Tuition (PELT)

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

Interest – grants

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

Interest – operating

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

Goods and Services Tax (GST)

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

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

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

Budget figures

The budget figures are derived from the *Statement of Performance Expectations 2021/22* as approved by the Board of Commissioners at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with these financial statements.

Income tax

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

Critical accounting estimates and assumptions

In preparing these financial statements we have made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors. This includes expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- › useful lives of intangible assets – refer to note 8
- › useful lives of property, plant and equipment – refer to note 9, and
- › estimates and assumptions around retirement and long service leave – refer to note 10.

Critical judgements in applying accounting policies

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

Comparative information

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

2. Grants expense relating to tertiary education institutions

Accounting policy

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

Break down of grants expense

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

	Funding \$000	Accounting adjustment (Note 1) \$000	2022 (Note 3) \$000	2021 (Note 3) \$000
UNIVERSITIES				
Auckland University of Technology	224,217	(5,181)	219,036	136,522
Lincoln University	48,931	(1,175)	47,756	31,908
Massey University	243,477	(8,514)	234,963	167,953
University of Auckland	562,556	4,093	566,649	366,257
University of Canterbury	223,333	(3,428)	219,905	141,159
University of Otago	382,081	(3,260)	378,821	291,998
University of Waikato	116,397	(5,042)	111,355	75,644
Victoria University of Wellington	244,717	(7,392)	237,325	158,665
	2,045,709	(29,899)	2,015,810	1,370,106
TE PŪKENGA – NEW ZEALAND INSTITUTE OF SKILLS AND TECHNOLOGY				
	964,224	(57,471)	906,753	545,875
WĀNANGA				
Te Wānanga o Aotearoa	134,925	(13,090)	121,835	114,394
Te Wānanga o Raukawa	20,635	1,803	22,438	15,014
Te Whare Wānanga o Awanuiārangi	24,025	2,477	26,502	13,509
	179,585	(8,810)	170,775	142,917
Total tertiary education institution grants	3,189,518	(96,180)	3,093,338	2,058,898
Other tertiary education organisation grants	749,029	(17,525)	731,504	555,685
Bad debts written off and movement in provision for uncollectable debts (Note 2)	1	-	1	(443)
Total grants expense	3,938,548	(113,705)	3,824,843	2,614,140

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

Note 2 – Our provision for doubtful debts increased from \$13,275,889 in 2021 to \$13,277,513 in 2022 as per financial note 4. This is a \$1,624 increase (\$1,412 exclusive of GST as per above).

Note 3 – In March 2020, the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their Investment Plans despite any potential reduction in student numbers. The accounting implications of this decision meant that \$1,112 million of grants revenue and expenditure was recognised in 2019/20 instead of 2020/21. Refer to 'Our financial statements explained' on page 132 for further details.

3. Payables

Accounting policy

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

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

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

Exceptions are as follows:

- › Volume-based funding: most 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.

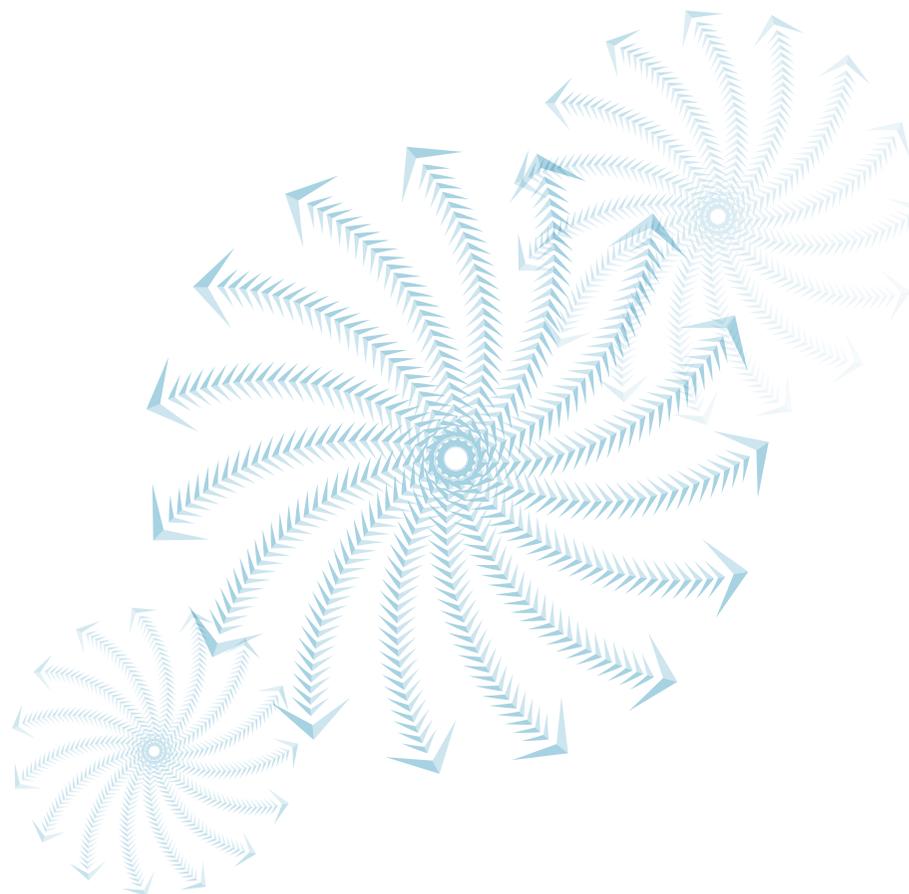
Lease incentives

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

We lease five floors at 44 The Terrace, Wellington.

When we entered into the lease agreement for four floors effective from 1 July 2015, we received a lease incentive of \$1,347,000 equal to one year's rent. We then entered a lease for a further floor on 1 July 2017 and received a further lease incentive of \$266,000 equal to one year's rent.

We also received a \$22,000 incentive for one of our Wellington project offices in March 2019 and a \$34,000 incentive for our Auckland office in November 2019.



Break down of payables

	2022 \$000	2021 \$000
CURRENT PAYABLES		
Grants: Non-exchange transactions		
Tertiary grants payable	473,765	587,470
Accrued expenses	19,347	15,559
Creditors	-	13
Total current grants payables	493,112	603,042
Operations: Exchange transactions		
Accrued expenses	3,662	6,242
Creditors	113	1,035
Lease incentive	145	150
Revenue received in advance	-	6
Total current operations payables	3,920	7,433
Total current payables	497,032	610,475
NON-CURRENT PAYABLES		
Operations: Exchange transactions		
Lease incentive	568	718
Total non-current payables	568	718
Total payables	497,600	611,193

4. Receivables

Accounting policy

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

A receivable is considered uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

A large portion of our receivables are from the Ministry of Education.

As per note 3 we have a large tertiary grants payable. The Ministry of Education 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 grants Balance Sheet Mechanism receivable from the Ministry of Education. 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.

Break down of receivables and further information

	2022 \$000	2021 \$000
MoE tertiary grants receivable (non-exchange transaction)	473,765	587,470
MoE balance sheet mechanism receivable (non-exchange transaction)	46,380	46,380
Tertiary grants receivables (non-exchange transaction)	31,186	25,960
Other accounts receivable (exchange transaction)	425	503
Provision for uncollectability	(13,278)	(13,276)
Total receivables	538,478	647,037

The ageing profile of receivables at year end is detailed below:

As at 30 June 2022	Gross \$000	Provision \$000	Net \$000
Not past due	523,536	-	523,536
Past due 1-30 days	776	-	776
Past due 31-60 days	3	-	3
Past due 61-90 days	659	(187)	472
Past due > 90 days	26,782	(13,091)	13,691
Total	551,756	(13,278)	538,478

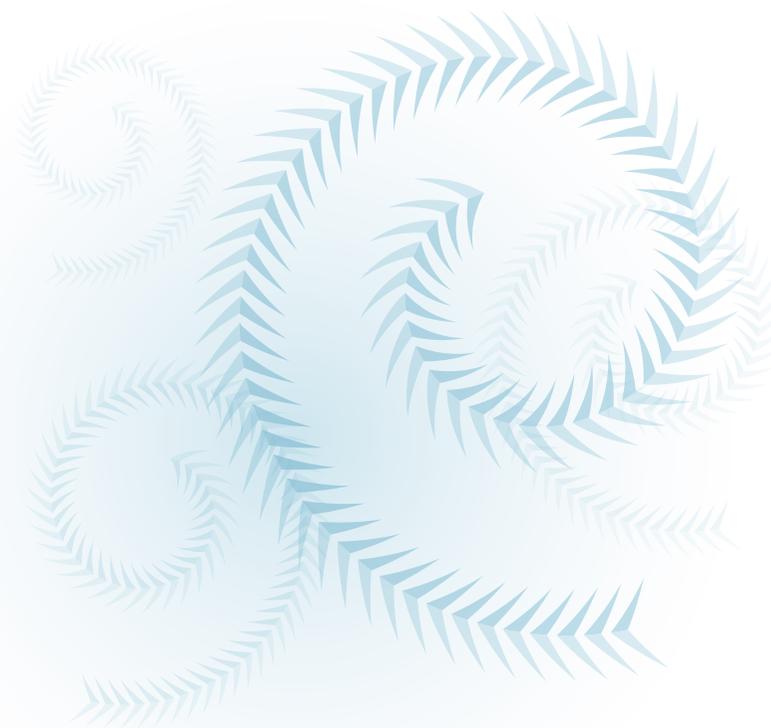
As at 30 June 2021	Gross \$000	Provision \$000	Net \$000
Not past due	638,785	-	638,785
Past due 1-30 days	-	-	-
Past due 31-60 days	673	-	673
Past due 61-90 days	13	(4)	9
Past due > 90 days	20,842	(13,272)	7,570
Total	660,313	(13,276)	647,037

The provision for uncollectable debts has been calculated based on expected losses for the pool of receivables. Expected losses have been determined based on an analysis of losses in previous periods and a review of specific receivables.

Movement in the provision for uncollectability of receivables is as follows:

	2022 \$000	2021 \$000
Balance at 1 July	13,276	13,785
Increase/(decrease) in provision (Note 1)	75	(456)
Receivables written off during the year (Note 1)	(73)	(53)
Balance at 30 June	13,278	13,276

Note 1 – These are inclusive of Goods and Services Tax (GST). Bad and doubtful debts shown in the Statement of comprehensive revenue and expense are exclusive of GST.



5. Personnel costs

Accounting policy

Superannuation schemes – defined contribution schemes

Obligations for contributions to KiwiSaver 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.

Break down of personnel costs and further information

	2022 \$000	2021 \$000
Salaries	43,463	41,169
Contractors	9,588	11,426
Redundancy cost	476	34
Contributions to defined contribution plans	1,242	1,178
Movement in employee entitlements	148	593
Training and development	189	243
Other personnel expenses	762	926
Total personnel costs	55,868	55,569

Employee remuneration

During the year the number of employees who received remuneration and other benefits more than \$100,000 were:

	Number of employees 2022	Number of employees 2021
570,001 to 580,000	1	-
510,001 to 520,000	-	1
430,001 to 440,000	-	1
320,001 to 330,000	1	1
310,001 to 320,000	2	1
270,001 to 280,000	-	1
250,001 to 260,000	2	1
230,001 to 240,000	1	-
210,001 to 220,000	1	2
200,001 to 210,000	4	2
190,001 to 200,000	4	3
180,001 to 190,000	2	6
170,001 to 180,000	9	10
160,001 to 170,000	7	6
150,001 to 160,000	16	8
140,001 to 150,000	15	19
130,001 to 140,000	20	21
120,001 to 130,000	37	26
110,001 to 120,000	28	36
100,001 to 110,000	39	41
Total employees	189	186

During the year, 12 employees (2021: 8) received compensation and other benefits in relation to cessation totalling \$475,895 (2021: \$225,695).

Board of Commissioners' remuneration

The total value of remuneration paid or payable to each commissioner during the year was:

		2022 \$	2021 \$
CURRENT COMMISSIONERS			
Jenn Bestwick (Chair) (Note 1)	appointed December 2018	46,267	47,174
Vivien Bridgwater	appointed December 2018	22,400	22,400
Kirk Hope	appointed December 2019	22,400	22,400
Dr Alastair MacCormick (Note 2)	appointed June 2017	35,832	33,593
Nancy McConnell	appointed June 2019	22,400	22,400
Dr Wayne Ngata	appointed December 2019	22,400	22,400
John Russell	appointed June 2019	22,400	22,400
Total commissioners' fees		194,099	192,767

Note 1 – The amount paid to Jenn Bestwick also includes \$907 for attendance at one Lincoln University Governance and Oversight Group meeting.

Note 2 – The amount paid to Dr Alastair MacCormick includes \$13,432 related to attendance at 18 Reform of Vocational Education Programme Board meetings.

There have been no payments made to committee members who are not commissioners.

We have not provided a deed of indemnity to any commissioner or employee.

We have directors' and officers' liability and professional indemnity insurance cover in respect of the liability or costs of commissioners and employees.

No commissioner received compensation or other benefits in relation to cessation.

6. Other expenses**Accounting policy****Capital charge**

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

Operating leases

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

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

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

Critical judgements in applying accounting policies**Leases classification**

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

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether 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.

Break down of other expenses and further information

	Note	2022 \$000	2021 \$000
Consultants		2,230	3,904
Managing third-party delivery		5,236	5,446
Computer operations		5,633	6,993
Property rental		2,562	2,257
Capital charge		1,879	1,653
Travel		164	456
Legal fees		435	667
Commissioners' fees	5	194	193
Audit fees for audit of financial statements		204	189
Telephone, tolls, and postage		131	152
Insurance		102	96
Other supplies and services		4,555	6,889
Total other expenses		23,325	28,895

Operating leases as lessee

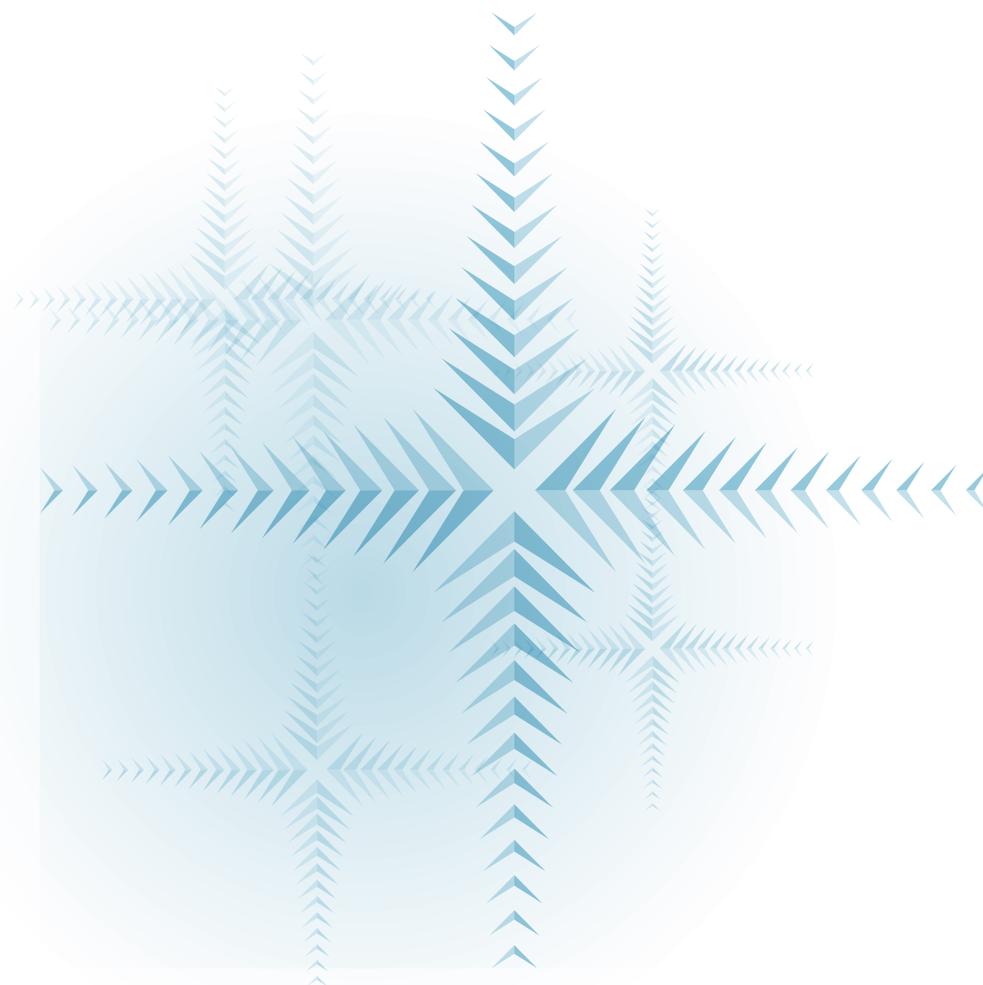
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are:

	2022 \$000	2021 \$000
Not later than one year	2,381	2,278
Later than one year and not later than five years	8,509	8,112
Later than five years	-	1,803
Total non-cancellable operating leases	10,890	12,193

Our main lease is for five floors of office space at 44 The Terrace, Wellington. The next renewal date is 1 July 2027 with a final expiry date of 30 June 2033. The figures above have been calculated to 1 July 2027 for this office.

We also have regional offices in Whangarei, Auckland, Hamilton, Christchurch and two project offices in Wellington. Renewal dates have been used for these leases also.

At 30 June, we were currently in the process of ending our leases for our two project offices in Wellington. Both leases end during the 2022/23 financial year.



7. Cash and cash equivalents

Accounting policy

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

Break down of cash and cash equivalents

	2022 \$000	2021 \$000
OPERATIONS		
Cash at bank	4,556	515
Term deposits with maturities less than three months	18,000	27,000
Total operations cash and cash equivalents	22,556	27,515
GRANTS		
Cash at bank	49,311	70,670
Total grants cash and cash equivalents	49,311	70,670
PRE-PURCHASED ENGLISH LANGUAGE TUITION		
Cash at bank	3,399	2,698
Term deposits with maturities less than three months	8,000	13,000
Total Pre-purchased English Language Tuition cash and cash equivalents	11,399	15,698
Total cash and cash equivalents	83,266	113,883

8. Intangible assets

Accounting policy

Software acquisition and development

Computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software, so long as they are not considered a Software-as-a-Service (SaaS) arrangement.

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

Staff training costs are recognised as an expense when incurred.

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

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

Software-as-a-Service (SaaS) arrangements

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

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

Impairment of intangible assets and property, plant and equipment

Cash-generating assets

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

Non-cash-generating assets

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

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

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

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

Critical judgements in applying accounting policies

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

At each balance date the useful lives and residual values of intangible assets and property, plant and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of intangible assets and property, plant and equipment requires several 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, and
- › analysis of prior asset sales.

In our assessment of useful lives of intangible assets and property, plant and equipment for the current balance date, we noted a number of intangible assets where we either expect to keep them in use beyond their useful lives or have significantly reduced their useful lives. The effect of these changes on expected amortisation expense is in the following table.

Software-as-a-Service (SaaS) arrangements

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

Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.

Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what period the expenditure is expensed.

Our accounting policy has historically been to capitalise all costs related to SaaS arrangements as an intangible asset in the statement of financial position. The adoption of the above agenda decisions has resulted in a reclassification of these intangible assets as an expense in the statement of comprehensive revenue and expense. We have identified three intangible assets that should have been recognised as SaaS arrangements. We did not apply this change retrospectively as it affected only a small number of assets and the impact on prior years would have been immaterial. The effect of these changes on expected amortisation expense is in the following table.

	2023	2024	2025	2026	2027
	\$000	\$000	\$000	\$000	\$000
(Decrease)/increase in amortisation expense	705	(1,124)	(880)	(880)	(438)



Break down of intangible assets and further information

Movements for each class of intangible assets are as follows:

2022					
	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Carrying amount at 1 July	1,760	8,523	1,274	3,615	15,172
Reclassifications	(927)	927	(1,274)	1,274	-
Capitalisations	45	3,340	-	(3,385)	-
Amortisation and impairments	(393)	(4,162)	-	-	(4,555)
Additions	-	-	-	11,283	11,283
Disposals	(275)	(622)	-	-	(897)
Carrying amount at 30 June	210	8,006	-	12,787	21,003
Cost	2,800	37,119	-	12,787	52,706
Accumulated amortisation	(2,590)	(29,113)	-	-	(31,703)
Carrying amount at 30 June	210	8,006	-	12,787	21,003

2021					
	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Carrying amount at 1 July	2,260	7,705	1,321	1,003	12,289
Capitalisations	56	3,507	(56)	(3,507)	-
Amortisation and impairments	(556)	(2,689)	-	-	(3,245)
Additions	-	-	9	6,119	6,128
Carrying amount at 30 June	1,760	8,523	1,274	3,615	15,172
Cost	7,014	33,969	1,274	3,615	45,872
Accumulated amortisation	(5,254)	(25,446)	-	-	(30,700)
Carrying amount at 30 June	1,760	8,523	1,274	3,615	15,172

The amount of contractual commitments for the acquisition of intangible assets is \$3,667,000 (2021: \$5,770,000).

There are no restrictions over the title of intangible assets nor are any intangible assets pledged as security for liabilities.

Work in progress costs comprise projects that are in progress, pending capitalisation.

9. Property, plant and equipment

Accounting policy

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

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

Additions

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

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

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

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

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation

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

Class	Useful life	Depreciation rate
Leasehold improvements	Life of lease	
Computer equipment	2.4 to 5 years	20 to 40% straight line
Office equipment	5 years	20% straight line
Furniture and fittings	10 years	10% straight line

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

Impairment of property, plant and equipment, and critical accounting estimates and assumptions

Refer to the policy on intangible assets in note 8.

Break down of property, plant and equipment and further information

Movements for each class of property, plant and equipment are as follows:

2022						
	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Work in progress \$000	Total \$000
Carrying amount at 1 July	2,418	947	-	514	321	4,200
Capitalisations	-	439	-	205	(644)	-
Depreciation and impairments	(410)	(498)	-	(73)	-	(981)
Additions	-	-	-	-	1,074	1,074
Disposals	(13)	(28)	-	(43)	-	(84)
Carrying amount at 30 June	1,995	860	-	603	751	4,209
Cost	4,347	3,434	20	888	751	9,440
Accumulated depreciation	(2,352)	(2,574)	(20)	(285)	-	(5,231)
Carrying amount at 30 June	1,995	860	-	603	751	4,209
2021						
	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Work in progress \$000	Total \$000
Carrying amount at 1 July	2,835	932	13	486	1	4,267
Capitalisations	-	810	-	258	(1,068)	-
Depreciation and impairments	(417)	(620)	(13)	(206)	-	(1,256)
Additions	-	-	-	-	1,388	1,388
Disposals	-	(175)	-	(24)	-	(199)
Carrying amount at 30 June	2,418	947	-	514	321	4,200
Cost	4,366	3,168	132	820	321	8,807
Accumulated depreciation	(1,948)	(2,221)	(132)	(306)	-	(4,607)
Carrying amount at 30 June	2,418	947	-	514	321	4,200

There are no contractual commitments for the acquisition of property, plant and equipment (2021: \$nil).

There are no restrictions over the title of property, plant and equipment nor are any property, plant and equipment pledged as security for liabilities.

Work in progress costs comprise projects that are in progress, pending capitalisation.

10. Employee entitlements

Accounting policy

Short-term employee entitlements

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

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

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

Long-term employee entitlements

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

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

Presentation of employee entitlements

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

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

Critical accounting estimates and assumptions

Measuring retirement and long service leave obligations

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

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

Break down of employee entitlements and further information

	2022 \$000	2021 \$000
CURRENT PORTION		
Annual leave	2,412	2,309
Salaries and wages	1,105	875
Retirement and long service leave	96	110
Redundancies	81	177
Sick leave	9	30
Total current portion	3,703	3,501
NON-CURRENT PORTION		
Retirement and long service leave	487	531
Redundancies	95	45
Sick leave	33	93
Total non-current portion	615	669
Total employee entitlements	4,318	4,170

Sensitivity analysis

The table below shows the impact on the valuation of varying the assumed salary escalation rate and assumed resignation rates, leaving all other assumptions unaltered:

	Long service leave \$000	Retiring leave \$000	Total \$000
No change	570	13	583
Salary growth: 1.5% per year	528	11	539
Salary growth: 3.5% per year	617	15	632
Resignation rates: 150% of assumed	541	13	554
Resignation rates: 50% of assumed	605	14	619
Discount rates: 0.05% increase	568	13	581
Discount rates: 0.05% decrease	572	13	585

11. Pre-purchased English Language Tuition – fees in advance**Accounting policy**

Refer to the policy on Contract revenue – Pre-purchased English Language Tuition in note 1.

Break down of Pre-purchased English Language Tuition

	2022 \$000	2021 \$000
Balance at 1 July	17,534	20,578
Fees received from migrants	1,388	3,611
Fees paid to providers	(2,105)	(3,132)
Refund of unused fees to Ministry of Business, Innovation and Employment	(3,194)	(2,918)
Contract expense – administration	(530)	(605)
Balance at 30 June	13,093	17,534

12. Provision for lease

Accounting policy

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

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

Lease make good provisions

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

We lease five floors at 44 The Terrace, Wellington. At the expiry of the lease term, we are required to make good any damage caused and remove any installed fixtures and fittings. The cost is based on the market value of replacement items as specified in the lease agreements. We estimate this to be \$120,000.

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.

At 30 June, we were currently in the process of ending our leases for our two project offices in Wellington. Both leases end during the 2022/23 financial year.

Break down of provision for lease

	2022 \$000	2021 \$000
CURRENT PORTION		
Onerous lease	153	-
Total current portion	153	-
NON-CURRENT PORTION		
Lease make good	120	120
Total non-current portion	120	120
Total provision for lease	273	120

13. Repayment of grants funding – Ministry of Education

Accounting policy

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

Break down of repayment of grants funding – Ministry of Education

	2022 \$000	2021 \$000
Balance at 1 July	25,679	32,788
Repayments of opening balance	(25,679)	(32,788)
Prior year recoveries	3,174	560
Excess funding drawn	5,178	25,083
Interest	382	36
Balance at 30 June	8,734	25,679

14. Equity

Accounting policy

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

Capital management

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

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

We have complied with the financial management and accountability requirements of the Crown Entities Act 2004 during the year.

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

Break down of equity

	2022 \$000	2021 \$000
GRANTS EQUITY		
Balance at 1 July	80,186	107,739
Surplus/(deficit) for the year	609	(27,517)
Repayment of grants interest – MoE	(382)	(36)
Balance at 30 June	80,413	80,186
OPERATIONS EQUITY		
Balance at 1 July	37,213	31,795
Surplus/(deficit) for the year	(3,920)	(3,082)
Capital contribution	5,500	8,500
Balance at 30 June	38,793	37,213
Total equity	119,206	117,399

15. Related party transactions

We are controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are:

- › within a normal supplier or client/recipient relationship, and
- › on terms and conditions no more or less favourable than those it is reasonable to expect we would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions, consistent with the normal operating arrangements between government agencies.

We have no related party transactions to disclose.

Key management personnel compensation

	2022 \$000	2021 \$000
COMMISSIONERS		
Remuneration	194	193
Full-time equivalent members	0.9	0.9
LEADERSHIP TEAM		
Remuneration	2,256	2,336
Full-time equivalent members	7.0	7.0
Total key management personnel remuneration	2,450	2,529
Total full-time equivalent personnel	7.9	7.9

The full-time equivalent for commissioners has been determined based on the frequency and length of Board of Commissioner meetings and the estimated time for commissioners to prepare for meetings.

An analysis of Board of Commissioners' remuneration is provided in note 5.

Key management personnel include Board of Commissioners, the Chief Executive, Deputy Chief Executives and the Portfolio Director – Reform of Vocational Education.

16. Financial instruments

Financial instrument categories

We are party to financial instrument arrangements as part of our normal operations. The categories of financial assets and liabilities are as follows:

	2022 \$000	2021 \$000
LOANS AND RECEIVABLES		
Cash and cash equivalents	83,266	113,883
Receivables	538,478	647,037
Total loans and receivables	621,744	760,920
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Payables (current portion)	497,032	610,475
Payables (non-current portion)	568	718
Total financial liabilities measured at amortised cost	497,600	611,193

Financial instrument risks***Market risk – interest rate risk***

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. We do not use interest rate options or interest rate swap options. Our bank deposits are on call and on term deposits with less than or equal to three-month maturities.

Market risk – currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate owing to changes in foreign exchange rates. We had no exposure to currency risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to us causing us to incur a loss. We had minimal credit risk in our holdings of various financial instruments. These instruments included bank deposits, term deposits and accounts receivable. There was no significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty raising liquid funds to meet commitments as they fall due. We had no exposure to liquidity risk.

Contractual maturity analysis of financial liabilities

Our financial liabilities consist of payables. The carrying amount equals the contractual cash flows. All amounts mature in less than three months.

17. Contingencies

Contingent liabilities

There are no contingent liabilities for the current year (2021: nil).

Contingent assets

We have a contingent asset that arises from the likelihood of realising recoveries from some tertiary education organisations. The amount relates to grants expenses and is likely to be returned to the Crown if realised. The investigations are progressing but there is no certainty on the amounts that may be recovered. This has not changed since last year.

18. Events after balance date

There were no significant events after the balance date.

19. Explanations of major variances against budget

Explanations for major variances from our budgeted figures in the *Statement of Performance Expectations 2021/22* are as follows:

Statement of Comprehensive Revenue and Expense

Grants revenue

Grants revenue was \$59 million below budget owing to lower student volumes than available funding. We only draw down enough grants revenue from the Ministry of Education to pay our grants expense. Fees Free provided an underspend of \$28 million, which was expected as the budget is set to ensure that sufficient funding is available for the TEC to pay providers.

Grants expense

Grants expense was \$57 million below budget. Refer to the grants revenue explanation above.

Statement of Financial Position

Receivables

Receivables were \$41 million higher than budget. We did not draw from our grants Balance Sheet Mechanism as budgeted due to lower student volumes.

Cash and cash equivalents

Cash and cash equivalents were \$18 million higher than budget. We drew down more grants cash than budget owing to the uncertainty around the timing of new payment allocations. We were also holding some cash drawn from the grants Balance Sheet Mechanism last year but not yet spent.

Intangible assets

Intangible assets were \$10 million below budget. We originally budgeted to spend \$19 million on capital projects but spent just over \$11 million. The underspend was largely owing to the capital portion of the Vocational Education Data System project now beginning in 2022/23 instead of 2021/22 as originally budgeted. We also wrote down and accelerated the amortisation of some assets in accordance with recently released accounting guidance on Software-as-a-Service (SaaS) related software costs.

Repayment of grants funding – Ministry of Education

Repayment of grants funding was \$9 million higher than budget. This was a combination of additional funding drawn down in June that was not required during the month and additional recoveries collected during the year that could not be retained and must be returned to the Ministry of Education.



Wāhanga whitu:
Ngā āpitihanga

Part seven:
Appendices

Āpitianga A: Ko ā mātou herenga hei kaiwhakawhiwhi mahi pai

Appendix A: Our good employer requirements

Leadership, accountability and culture

We ran our third employee experience survey (He waka eke noa) and have overall maintained our employee experience score from the previous year. When we analysed specifically the people experience score (aggregating data from Leadership, Performance Management and Culture) our rating increased.

Our leaders (from ELT to Tier 4) were provided their team/business unit/directorate's results along with analysis and insights. In addition, our ELT has been provided with TEC-wide results and demographic variances. Leaders have been supported by Human Resources in their action planning with their teams, selecting areas they wish to focus on this year.

Our focus for the year was role and responsibilities, behaviours, and technology. We have made progress in each of these areas:

- › **Role and Responsibilities** – we reviewed team roles and responsibilities as part of the Information Directorate and Delivery Directorate change processes. Role and responsibility clarification is ongoing as part of the Investment Round Refresh. The Reforms of Vocational Education (RoVE) is in its final year and is about to close out of the project and integrate its work into core business.
- › **Behaviours** – we reviewed our Performance Management and Remuneration system. We reduced our five-point rating scale to two, ie, TEC Achiever or Non-Achiever as we believe all staff come to work to do a good job. We introduced our Coaching Kōrero with a focus on coaching and development and on behaviours. We have defined what a capability is, ie, know, do and be, so we have a common language around performance management.
- › **Technology** – we have been able to test our ability to work from home during various periods of lockdowns. Staff are comfortable using Microsoft Teams and expanding its use in planning and collaborating.

Recruitment, induction and selection

Recruitment to key projects has continued throughout 2021/22, eg, the Reform of Vocational Education, COVID-19 funds, Tahatū and Inspiring the Future. This is in addition to recruiting to roles vacated due to increased turnover, with a tight labour market and shortage of workers with borders closed over the past two years.

Candidates can now apply for our roles via the Careers portal, with an upgrade in our recruitment software. We have implemented the application management system and advancing to Onboarding. This will reduce the amount of manual processing for both hiring managers and Human Resources staff. We are developing information for our Careers pages, which will include TEC benefits and a recruitment video as part of our employer branding and attraction and retention strategy. We will develop our managers' capability to use the software. This is an opportunity to update hiring managers on our good employer obligations, Human Rights Act 1993, Privacy Act 2020, as well as unconscious bias.

Our application template captures data on whether a person identifies as living with the effects of an illness and/or disability, alongside other vetting questions.

All new employees complete a day one induction supported by a buddy and then ongoing specific induction as it relates to their role. Our Human Resources team facilitates a two-hour session every month for new employees providing an overview of the organisation's strategic goals and priorities.

We plan to review induction in the next year to include our focus on becoming an equity-minded, learner-centric, culturally affirming organisation.

Employee development, promotion and exit

Last year's employee experience survey He waka eke noa identified our people wanted changes to our performance management system. We introduced our new 'Coaching Kōrero', which has a greater emphasis on coaching and development.

We completed a stocktake of our learning solutions based on 70% learning on the job, 20% learning through others and 10% learning through courses and conferences. Learning solutions have been recommended based on our Capability Framework of being learner centric, culturally affirming and equity minded and will be included in the Coaching Kōrero development plan.

Our employee engagement survey, He waka eke noa, confirms that people want development and career pathways. We have scoped a new Graduate Programme for 2023. We will continue to leverage off existing internships like the MoE and MBIE programmes, as well as the Summer of Biz and Summer of Tech internships.

As part of a review of the Data and Analytics and Programmes and Architecture teams, we created a career pathway for developers and data warehouse roles starting at junior, progressing to senior and principal advisor roles. The roles have been identified and the policy work is being completed to support these pathways.

With the Reform of Vocational Education and COVID-19 initiatives, we have approximately 33 staff on internal secondments.

Te reo Māori classes continue to be well attended. Lifting cultural capability is part of our He Marae Tangata Capability Framework to be a learner-centric, culturally affirming, equity-minded organisation. This is a significant focus for 2022/23. Tools and resources for managers have been developed and will be piloted in the coming year.

We provide data to the monthly Organisational Performance Management meeting on the percentage and numbers of staff leaving the organisation. We reviewed staff exit questionnaires and provided further analysis of the reasons people leave. The market is competitive right now and people are taking up other opportunities. The TEC is a flat structure, which means to progress to a role you have to wait until someone leaves, particularly in management roles.

Our employee experience survey asks people to identify if they live with a disability. The data compared to general staff did not identify any differences in opportunities for these staff members.

Flexibility and work design

Tōunui Tōu Ora – our flexible working project has ended. The aim of the project was to maintain the wellbeing and productivity gains made through COVID-19 lockdowns.

All staff were provided training by an external facilitator around flexible work, which included hours, days and location of work. This was an important attraction and retention strategy for us.

The main office in Wellington includes more areas for working collaboratively.

Remuneration, recognition and conditions

The TEC and the Public Service Association (PSA) negotiated a new Collective Agreement (CA) for a two-year term from 1 December 2021 to 1 December 2023. The previous review of our remuneration system, put on hold last year due to pay restraint, will recommence this year. We bargained in an environment of pay restraint based on the Government Workforce Policy Statement and Public Service Pay Guidance.

Consultants from Strategic Pay (external advisors on remuneration and performance) provided us with job evaluation for our senior roles to ensure relativities both internally and with the market. We have addressed a small number of issues identified in Strategic Pay's report.

We undertook further analysis of our gender and ethnic pay gap in March 2022. The reasons for the gender pay gap remain similar to previous analysis, which is mostly due to the lack of representation of women in senior leader roles and information/technology roles and an over-representation of women in administrative roles. An action plan is being prepared for the Executive Leadership Team and Board and will be published on our website by 31 December 2022.

In addition to meeting with the PSA to bargain for a new CA, we continue to hold regular meetings to discuss common issues. The PSA has representation on our Safety and Wellbeing Committee, performance and remuneration review and gender pay working group, additional meetings regarding COVID-19 and support for change processes. We also hold quarterly Tikanga meetings as we progress work on becoming a culturally affirming organisation.

Harassment and bullying prevention

We have delivered presentations on Harassment and Bullying Prevention Policy with some teams over the past year. Our Human Resources team provides coaching and support to managers on an as required basis. We review our employee's assistance programme high-level data with the Safety and Wellbeing Committee for any indications of whether we have issues with bullying. Staff are encouraged to call out any behaviours that are not in keeping with the values.

Safe and healthy environment

The Safety and Wellbeing Committee met quarterly with additional meetings to undertake a Health and Safety Risk Assessment and develop a Vaccination Policy based on legislative changes and guidance from the Government.

We reviewed our COVID-19 Protection Framework and included additional measures for those who for health reasons or who were caring for members of their family or who were vulnerable, could continue to work remotely from home. As the COVID-19 settings changed, the Chief Executive and Executive Leadership Team provided updates to staff on wellbeing, where to seek support, resources and tools. Our COVID-19 Alert Level Plan Framework provided details of our plans at each level with the focus being on maintaining people's wellbeing using Te Whare Tapa Whā model of health.

We surveyed staff on two occasions over the year in relation to health and safety and wellbeing in relation to COVID-19. Many people wanted a safe place to work that required staff and visitors to be vaccinated. We made it a requirement in December 2021 that only staff and visitors who were vaccinated could attend TEC premises. Those staff who were either not vaccinated or unwilling to disclose their status, remained working at home.

The Health and Safety Risk Assessment and Vaccination Policy was reviewed in June 2022, alongside Public Service Association (PSA) representation. Based on the Risk Assessment, we shifted from requiring staff to be vaccinated to an expectation that those who could be vaccinated to do so. This included any recommended booster shots. No staff lost their jobs because of this requirement, as work could be done remotely.

We reviewed our Business Continuity Plans and held two desktop exercises. This helped us to identify our critical functions and resourcing requirements. One of the actions identified was to have three people backing up delegations for the Responsibility Centre Manager. This process has been extended and was helpful during the peak of the COVID-19 outbreak in July. We have trained new first aiders, mental health first aiders and floor wardens to ensure coverage when there are more people working remotely.

Our Board continues to receive monthly updates on safety and wellbeing, as well as KPIs on accident and incidents, lost time, sick leave and annual leave. We have provided numbers of COVID-19 cases since February 2022 to the Executive Leadership Team and Board. We have reviewed the special leave requests once sick and anticipated sick leave has run out as part of our monitoring of sick leave. We continue to encourage staff to have plans for taking annual leave and if sick to remain at home.

As part of our commitment to supporting the employment of disabled people, we have continued to employ a staff member initially through the flexi-wage scheme through the Ministry of Social Development. We also ask people as part of He waka eke noa to identify if they have a disability. Assessment of this data did not highlight any differences in people accessing opportunities within the TEC.

Āpitianga B: Ko te mana ārahi me te noho haepapa

Appendix B: Governance and accountability

Our Board of Commissioners



Jenn Bestwick
Chair



Dr Wayne Ngata
Amokura



Dr Alastair MacCormick



Vivien Sutherland
Bridgwater



Nancy McConnell



John Russell



Kirk Hope

Whatitata Whakau – Risk and Assurance Committee members 2021/22

Dr Alastair MacCormick (Chair)

Nancy McConnell

John Russell

Jeremy Morley (Independent Consultant)

Ohu Tangata – People and Culture Committee members 2021/22

Vivien Sutherland Bridgwater (Chair)

Jenn Bestwick

John Russell

Dr Wayne Ngata

Matai Punaha – System Responsiveness Committee 2021/22

Kirk Hope (Chair)

Jenn Bestwick

Nancy McConnell

Dr Wayne Ngata

Āpitihianga C: Kuputaka

Appendix C: Glossary

Adult and Community Education	ACE	Community-based education that provides adults with foundation skills and pathways into other learning opportunities that meet identified community needs and funded priorities.
Centres of Asia-Pacific Excellence	CAPEs	Committed to enhancing Aotearoa New Zealand’s economic engagement and cultural understanding with the Asia-Pacific region and building New Zealanders’ understanding and ability to engage.
Centres of Research Excellence	CoREs	Inter-institutional research networks with researchers working together on a commonly agreed work programme; each hosted by a university and generally comprising a number of partner organisations, including other universities, Crown Research Institutes and wānanga.
Centres of Vocational Excellence	CoVEs	Provide a focus for driving innovation and excellence in vocational education by strengthening links with industry and communities.
Education Performance Indicators	EPIS	One set of measures used to assess the performance of tertiary education organisations and to make future investment decisions. They are designed to help tertiary education organisations manage and monitor their own performance and to deliver on their agreed tertiary education services.
Equivalent full-time students	EFTS	The main unit of measurement of the consumption of education (with one student enrolled in a programme of study full time for the full year equating to 1.0 EFTS); also the basic unit of measurement of tertiary teaching input for Student Achievement Component funding.
Industry training organisations	ITOs	Industry-specific bodies recognised under section 5 or 8(1) of the Industry Training and Apprenticeships Act 1992 that facilitate workplace learning for trainees in employment by setting national skills standards for their industry.
Industry Training Register	ITR	The collection mechanism for learner information, activity and achievement in industry training.
Inspiring the Future	ITF	A programme to connect children from ages 7-13 with volunteer role models from the world of work, to broaden career options and challenge stereotypes.
Institutes of technology and polytechnics	ITPs	Deliver technical vocational and professional education up to degree and postgraduate levels.
Integrated Data Infrastructure	IDI	Run by Statistics New Zealand, the IDI links government data on New Zealanders from multiple government sources, including education.
National Education and Learning Priorities	NELP	Sets high-level priorities to guide planning for early learning services, kura and schools, and assist in making progress towards the objectives for the education of our children and young people that are set out in the Education and Training Act 2020.

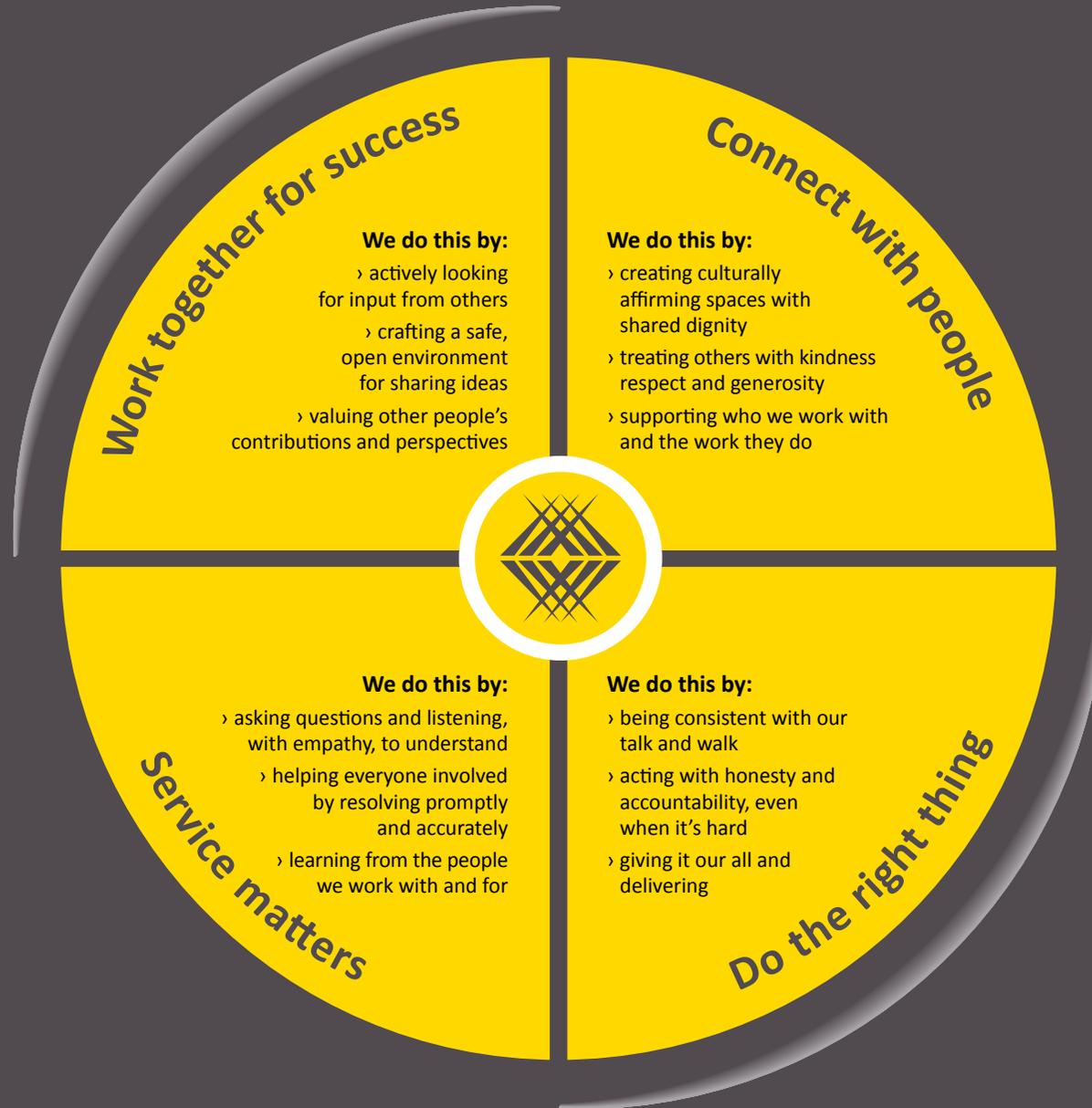
Performance-Based Research Fund	PBRF	A fund established to ensure that excellent research in the tertiary education sector is funded and rewarded. The PBRF is accessed by universities, institutes of technology and polytechnics, wānanga and private training establishments.
Private training establishments	PTEs	Provides tertiary education or vocational training. PTEs are separate to institutions (ie, polytechnic, university, wānanga) and are covered by, and must comply with, sections 232D-236 of the Education and Training Act 2020 and the Private Training Establishment Registration Rules 2018.
Reform of Vocational Education	RoVE	Government initiative to create a unified and cohesive vocational education and training system to help New Zealanders prepare for the future of work.
Regional Skills Leadership Groups	RSLGs	A key change within the RoVE programme of work. RSLGs will provide advice about the skills needs of regions to the TEC, WDCs and local vocational education providers. They will better manage the changing skills and workforce needs in our regions and cities and support the recovery of labour markets.
Single Data Return	SDR	The collection mechanism for learner information, activity and achievement in provider-based education.
Student Achievement Component	SAC	The Government's contribution to the direct costs of teaching and learning and other costs driven by learner numbers; the largest single government fund that supports tertiary education.
Tertiary education institutions	TEIs	Providers of tertiary education that are Crown entities under section 162 of the Education Act 1989; namely universities, institutes of technology and polytechnics and formally established wānanga.
Tertiary education organisations	TEOs	The overarching term for all public, private or community-based organisations that offer tertiary education or tertiary-related services.
Tertiary Education Strategy	TES	Sets out the Government's long-term strategic direction for tertiary education.
Unified Funding System	UFS	The Unified Funding System is a project within the Reform of Vocational Education aimed at creating a single unified funding system that is simple, relevant and responsive to learners and employers. The UFS will cover all provider-based and work-integrated education at levels 3-7 (excluding degree study) and all industry training.
Workforce Development Councils	WDCs	A critical part of the Reform of Vocational Education. Industry-led bodies that will identify current and future workforce needs and advocate for those needs to be met by working with industries, providers, regional bodies and government.



Tikanga me te whakatinana

Values and behaviours

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



Published by the Tertiary Education Commission Te Amorangi Mātauranga Matua

National Office
44 The Terrace
PO Box 27048
Wellington, New Zealand

Date: 15 December 2022
ISSN 2624-0408 (Online)
ISSN 2624-0394 (Print)

Authors
The Tertiary Education Commission

Every effort is made to provide accurate and factual content. The TEC, however, cannot accept responsibility for any inadvertent errors or omissions that may occur.



This work is licensed under the Creative Commons Attribution 4.0 International licence. You are free to copy, distribute, and adapt the work, as long as you attribute the work to the Tertiary Education Commission and abide by the other licence terms. Please note you may not use any departmental or governmental emblem, logo, or coat of arms in any way that infringes any provision of the Flags, Emblems, and Names Protection Act 1981.