



**Tertiary
Education
Commission**
Te Amorangi
Mātauranga Matua



Pūrongo-ā-tau Annual Report

for the year ended 30 June 2023

Karakia tīmatanga

Tākina ko te kawa

Ko te kawa o Rongo

Ko te taitamawahine, ko te taitamatāne

Tākina te manawa o Rongo

Ko te whatu o Rongo

Ko te mauri o Rongo

Ko te kiri o Rongo

He kawa nui

He kawa roa

He kawa whakatiketike

Mai Ranginui me Papatūānuku

Houhia ko te kawa o Rongo

Tūturu o whiti

Whakamaua kia tina.... tina

Haumi e, hui e

Tāiki e

Hold on to these principles

The principles of Rongo, the Atua of peace

Hold peace in your heart

See the peace

Feel the force of peace

Make peace present

It's big

It's long lasting

It's important

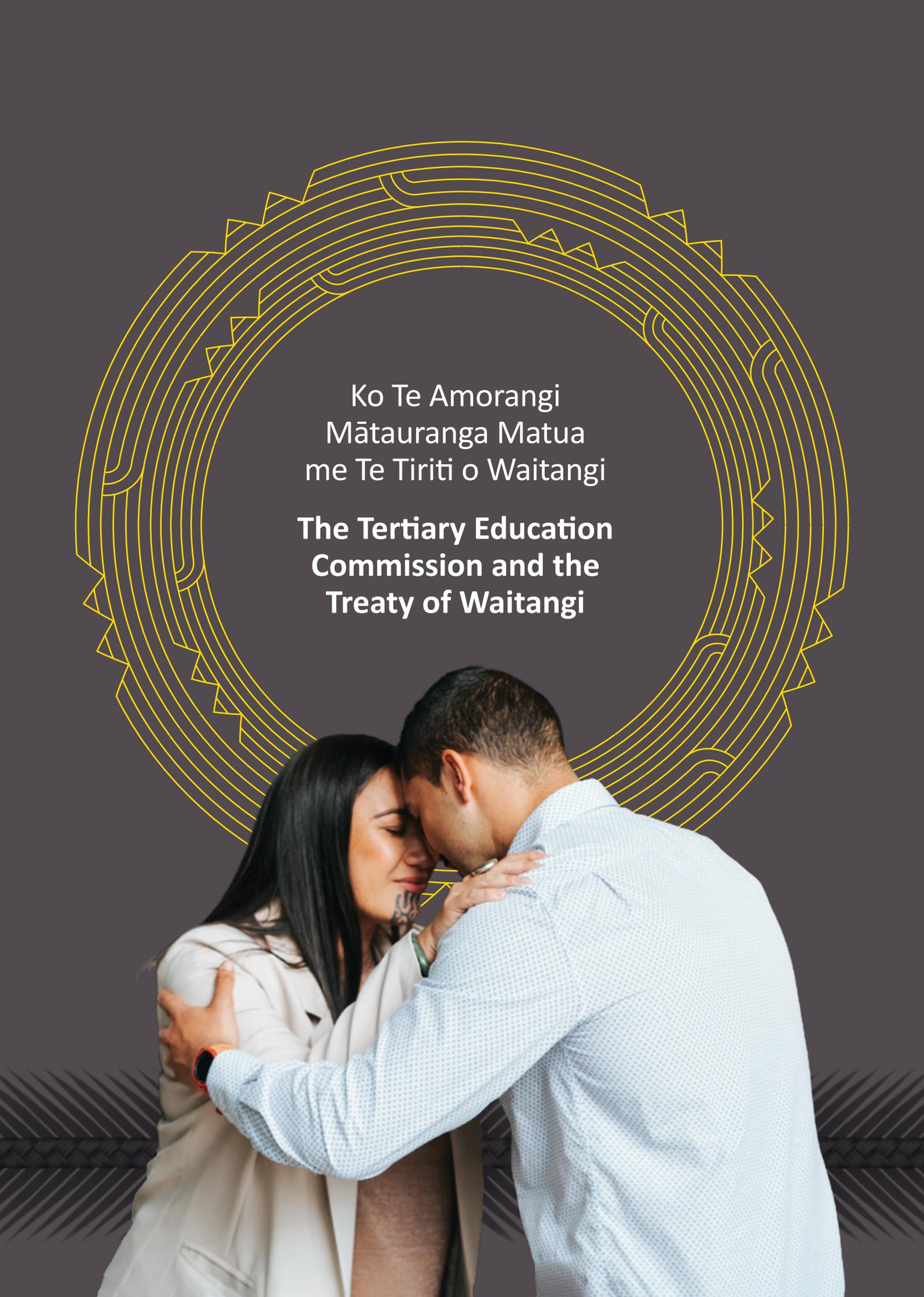
From the sky to the earth

Let this principle of peace bind us together

Let us be open and generous





A man and a woman are embracing each other. The woman is on the left, wearing a light-colored jacket, and the man is on the right, wearing a light blue patterned shirt. They are both looking down and appear to be in a moment of emotional connection. Behind them is a large, stylized circular graphic composed of multiple concentric yellow lines that form a decorative, almost architectural border. The background is a dark grey color with some subtle geometric patterns at the bottom.

Ko Te Amorangi
Mātauranga Matua
me Te Tiriti o Waitangi

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

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

We will give practical effect to Te Tiriti o Waitangi in our work across the tertiary education and careers system.

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

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

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

We will support the Crown to meet its duties to actively protect the taonga of te reo Māori, mātauranga Māori and a strong wānanga system of tertiary educational delivery.

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 (TES), Tau Mai Te Reo, Ka Hikitia and our own organisational strategy. Our commitment to honour Te Tiriti o Waitangi is woven into our implementation of these strategies.

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 developing and rolling out 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 TES, 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 their 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, such as te reo and mātauranga Māori.

5

The delivery phase of the Reform of Vocation Education was completed at the end of 2022. This new system 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, hapū and iwi 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.

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

In 2022/23 we spent over

\$3.7 billion

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

We funded



8 UNIVERSITIES

3 WĀNANGA

1 TE PŪKENGĀ

212

**TEC-FUNDED
PRIVATE TRAINING
ESTABLISHMENTS**

524

OTHER ORGANISATIONS

(including other tertiary education providers;
transitional industry training organisations;
adult and community providers; secondary
schools and area schools)

33,115

**PAYMENTS TO TERTIARY EDUCATION
ORGANISATIONS IN 2022/23**

AN INCREASE OF **6,166**

PAYMENTS COMPARED TO 2021/22



The delivery phase

of the Reform of Vocation Education (RoVE)
was completed at the end of 2022.

By 1 October 2022, all 11 Transitioning Industry Training Organisations (TIOs) had successfully transitioned to their receiving providers, three months ahead of the legislated deadline.

The Unified Funding System (UFS), the final element of structural change to be delivered as part of RoVE, has been implemented from 1 January 2023.



We are collaborating with the sector to drive the needed changes

This year we have further embedded learner success into our investment function. We introduced requirements that all TEOs receiving more than \$5 million in funding provide us with Learner Success Plans (LSPs) and Disability Action Plans (DAPs) as part of their Investment Plans. The LSPs and DAPs outline the changes they will make in their organisations to put them in good stead to achieve equity. All tertiary education organisations (TEOs) that we required to, provided an LSP in 2022/23.



Our audits provide assurance that tertiary education organisations (TEOs) are complying with funding rules

Last year, the TEC completed 46 audits of funded TEOs. A key part of our audits is helping the sector to understand the rules and why they apply. Of the TEOs we audited, 81 percent agreed or strongly agreed that their audit report was clear and easy to understand, and that it was useful to their organisation.



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 campaign video has been watched to completion more than 15.1 million times. Social media ads have reached more than 2.8 million people and there have been more than 3.3 million interactions with the vocationnation.govt.nz website.

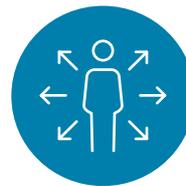
Research carried out since the launch found that the campaign has achieved substantial reach and gained strong momentum, driving significant engagement and positive shifts in the perception of vocational education and training.



We finalised funding allocations for the 2023 calendar year

Between July and December 2022, we agreed funding allocations for 2023 with all On-Plan providers. Over \$2.7 billion of funding for 2023, to be paid to more than 270 tertiary education organisations (TEOs), was approved by our delegated decision-makers.

In previous years we have allocated additional funding through a TEO-led expression-of-interest process. In 2022 and 2023, we took a more targeted approach. Using forecasts and data analysis, we identified those providers who have demand that exceeds their initial allocations, and who are delivering education and training that meets the Government's strategic priorities. In this way, we supported the greatest growth within those providers with the highest levels of capability.



We led the development of the National Careers System Strategy

The Strategy was approved by Cabinet in May 2023 and launched by the Minister of Education on 28 August 2023.

We took a collaborative approach to developing the Strategy, working with a cross-agency Advisory Group and over 700 representatives from the careers system.

We are responsible for leading and coordinating its implementation, to move the system towards the vision – *“people are empowered to understand themselves and their aspirations and can navigate careers opportunities that fit throughout their lives”*.





Tahatū is the new career planning website that the TEC is developing with consultation and support from the education community, careers practitioners, students and whānau.

Over the past year, our Tahatū work programme focused on building the website's infrastructure, tools and content. This is being tested with our priority audiences prior to being released nationally in 2024. An occupation database of more than 800 career ideas has been developed, including a growing number of Kaupapa Māori occupations that embrace te ao Māori cultural values, skills and knowledge. Tahatū also has a new planning tool that helps users understand and visualise what steps they could take to reach their desired study, training or work goals.



Tahatu's occupation database of

MORE THAN
800 career ideas

has been developed,
including a growing number of
Kaupapa Māori occupations



Inspiring the Future (ItF) is a programme to connect children from ages seven to 13 with volunteer role models from the world of work, in a fun and inspiring event to broaden career options and challenge stereotypes.

To date, we have attracted over 2,318 role models to start the sign-up process on our website, with 878 of those completing the process and becoming available on the platform for teachers to view and invite to events. So far, 246 schools have signed up (10 percent of schools in Aotearoa New Zealand) and about 8,000 students have been involved in events.





We engaged with our customers and stakeholders

Our Relationship Managers (Investment) held just over **900 engagements** across our largest tertiary education organisations and sector peak body groups.

OUR BUSINESS AND PARTNERSHIPS TEAM:

continued to strengthen connections and relationships with over half a dozen iwi across Aotearoa New Zealand

held over 700 engagements over the last year and consolidated our stakeholder database

had close ongoing engagement with both Workforce Development Councils and Regional Skills Leadership Groups to enhance their advice to the TEC that informs TEC Plan Guidance.

OUR CUSTOMER CONTACT GROUP

received **107,676 interactions** – an increase of **5,740 (6%)** on 2021/22:

27,094

CALLS



48,981

EMAILS



21,996

FEES FREE

enquiries and Statutory Declarations

9,605

WEBCHATS

(webchats were suspended after eight months as emails were the preferred channel for 68% of interactions).

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1

Wāhanga tuatahi:
Kupu whakataki

Part one:
Introduction

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

He kaha tā te pūnaha mātauranga matua me te aramahi whai wāhi ki te porihanga uekaha me te ōhanga taurikura. Ko tāna he uruhi i ngā putanga ohaoha, pāpori me te ahurea pai ake mō ngā tāngata, ngā hapori me te ahumahi, he hanga i ngā mōhiotanga hou, he āwhina anō hoki kia nui ake te whakaputaranga o te whenua.

Ko te tau 2022/23 he tau tāmau i te panoni pūnaha, he tau i pai tonu ai tā mātou whakatutuki i ā mātou mahi matua. I haumi mātou i te rahinga nui ake i te \$3.7 piriona ki te mātauranga matua me ngā aramahi ki te kōkiri me te tautoko i te pūnaha mātauranga matua e tuku wāriu ana ki Aotearoa, e whai wāhi ai te mahi tahi me te ahumahi hei whakarite kei te haumi mātou ki ngā pūkenga tika hei whakatipu i te ōhanga o Aotearoa. Mā tā mātou tiakitanga me te aroturuki ka whakarite kia whakamanatia te Tiriti o Waitangi e ngā umanga mātauranga me te rāngai mātauranga katoa.

Ko te whakaarotau tino teitei a te TEC ko te whakatutuki i te tautika o ngā putanga mātauranga mā ngā ākonga mātauranga matua katoa, tērā ka hiahia te ū takune, torowhārahi, o ngā whakahaere katoa, e arahina ana, e uruhina ana e ngā mana urungi me ngā kaihautū matua.

Ko te whakaritenga i te tau 2022/23, hei wāhanga matua o te hātepe Mahere Haumi 2023, me tāpae ngā whareako mātauranga matua katoa i ngā Mahere Angitu Ākonga me ngā Mahere Mahi Hauātanga, kei roto ko ngā ara ka whāia hei whakatutuki i te tautika mō ō rātou ākonga, ina koa ngā ākonga Māori me te Pasifika, ngā ākonga whaikaha me ngā ākonga nō ngā hapori pōhara.

Kua whakawhānuitia atu ā mātou mahi aramahi kia pai ake ai te tautoko i te āhua huri haere o te mahi me ngā hiahia aramahi o āpōpō o ngā tāngata katoa o Aotearoa kei waenga i te 7 ki te 70+ ngā tau. Hei kaihautū o te Rautaki Pūnaha Aramahi ā-Motu (NCSS) me te pūnaha aramahi, ka ruruku mātou i te whakatinanatanga i waenga tari o te NCSS me te mahi pātui tonu ki ngā umanga me ngā hapori ki te whakapai ake i ngā putanga aramahi. Mā te whakarato i ngā mōhiotanga, utauta me te tautoko aramahi tino kounga nei, he ngāwari hoki te āhei atu (tae atu ki te paetukutuku aramahi hou, a Tahatū, me te hōtaka Inspiring the Future), e āwhina ngā tāngata o Aotearoa kia whiwhi pūkenga me ngā pūmanawa e māia ai tā rātou kōwhiri me te whai aramahi, e aumangea ai, ā, e rite ai mō ngā mahi o āpōpō.



Hei te tau e tū nei ka nui haere tonu ake ngā mahi whakarite kia whai hononga kaha ngā ākongā, ngā kaitukumahi, ngā hapori me ngā kaiwhakarato, kia mahi ngātahi anō hoki rātou. Ka haere tonu tā matou whakapiki mōhiotanga ki te pūnaha mātauranga matua me te aramahi, te whakarato hononga i waenga i te mātauranga me te whiwhi mahi, me te aro ki te hoahoa i te pūnaha mātauranga matua me te aramahi tērā ka āta whakarato i te tautika.

E whakamihia nei ngā mahi a ngā kaimahi TEC i roto i te tau hei whakarite i te haere tonutanga o tā TEC tuku ratonga ki te rāngai mātauranga me te aramahi. Nō reira, kei te mihi, kei te mihi. E mihi ana hoki ki te rāngai whānui ake me mahi ngātahi i oti hei whakatinana i te NCSS.



A handwritten signature in black ink.

Jenn Bestwick
Heamana Poari,
Te Amorangī
Mātauranga Matua



A handwritten signature in black ink.

Dr Wayne Ngata
Heamana Tuarua,
Te Amorangī
Mātauranga Matua



A handwritten signature in black ink.

Tim Fowler
Tumu Whakarae,
Te Amorangī
Mātauranga Matua



Foreword from the Board Chair, Deputy Chair and Chief Executive

The tertiary education and careers system is a significant contributor to a strong society and thriving economy. It drives better economic, social and cultural outcomes for people, communities and industry, creates new knowledge and helps the country's productivity.

The 2022/23 year has been a year of embedding system change and continuing to deliver our core business well. We invested over \$3.7 billion in tertiary education and careers to drive and support a tertiary education system that delivers value for New Zealand, which includes working with industry to ensure we are investing in the right skills to grow the New Zealand economy. Through our stewardship and monitoring role, we ensure education agencies and the education sector as a whole honour Te Tiriti o Waitangi.

The TEC's highest priority is to achieve equity of educational outcomes for all tertiary learners, requiring an intentional, holistic, whole-of-organisation commitment, led and driven by governance and senior leadership. In 2022/23, as a key part of the 2023 Investment Plan process, all tertiary education institutes were required to submit Learner Success Plans and Disability Action Plans, setting out how they will achieve equity for their learners, in particular Māori and Pasifika learners, learners with disabilities and learners from lower socio-economic groups.

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+. As leaders of the National Careers System Strategy (NCSS) and the careers system, we will coordinate and lead cross-agency implementation of the NCSS and continue partnering with agencies and communities to improve career outcomes. By providing high quality, accessible careers information, tools and support to inform and enable good educational and employment decisions (including the new career website, Tahatū and the Inspiring the Future programme), we will help equip New Zealanders with the skills and capabilities to make them career confident and resilient, helping to prepare them for the future of work.



In the coming year, we will continue to build momentum to ensure learners, employers, communities and providers have strong relationships and work together. We will continue to raise awareness of the tertiary education and careers system, provide linkages between education to employment, and focus on designing a tertiary education and careers system that delivers on equity.

We acknowledge the work undertaken by TEC staff during the year to ensure that the TEC continued to deliver for the education and careers sector and thank them for their work. We also acknowledge the wider sector and the collaboration undertaken to deliver on the NCSS.



Jenn Bestwick
Board Chair,
Tertiary Education Commission



Dr Wayne Ngata
Deputy Chair,
Tertiary Education Commission



Tim Fowler
Chief Executive,
Tertiary Education Commission





HINT GO TIME
FOR
THAT

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 Te Amorangi Mātauranga Matua (the TEC) is a Crown agency under the Crown Entities Act 2004. We are governed by a Board of Commissioners appointed by the Minister of Education.

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

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

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

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

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

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

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.

2022/23

Performance information

We report performance information against our:

- › *Statement of Intent 2022/23 – 2024/25 (SOI)*
tec.govt.nz/corporate-publications
- › *Statement of Performance Expectations 2022/23 (SPE)*
tec.govt.nz/corporate-publications

Progress against our SOI is detailed in:

- › **Part two: Our strategic intentions against government priorities**
This section sets our strategy, our goals, our strategic priorities, our actions and our achievements (see pages 23 to 62).

Progress against our SPE is detailed in:

- › **Part four: Our Statement of Performance**
This section details performance measures results and financial performance for the Vote Tertiary Education appropriations where we have responsibility for reporting performance (see pages 83 to 136).

Our who we are and statutory functions sections of our annual report set the scene for and are a part of our performance information (page 21).

Performance information in our annual report is presented under *Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48)*. For more information on PBE FRS 48 see our 'Disclosure of Judgements' (see page 90).



2

Wāhanga tuarua:
Ā mātou takune rautaki mō te
whakatinana i ngā kaupapa
matua a te kāwanatanga

Part two:
Our strategic intentions delivering
on government priorities

Budget significant initiatives implemented over the past three years

The Budget significant initiatives we have received funding from over the past three years relate to Tahatū and the Reform of Vocational Education (RoVE).

Tahatū is the new online careers planning tool that we are developing. Tahatū will help New Zealanders to understand and navigate career options and learning pathways throughout their lives.

RoVE will create a strong, unified sustainable vocational education and training (VET) system fit for the future of work.

Details of the **Tahatū** and **RoVE** initiatives that we have received funding from over the past three years are included in tables on pages 88 and 89.

Budget significant initiative

Look for this symbol throughout our annual report to find performance information relating to Tahatū and RoVE Budget significant initiatives

Our strategic intentions

for the period 2022/23 – 2025/26

reflect our organisational strategy

Kete whiri: Our Strategy is built around shaping a system that responds to, and meets the needs of, learners and their whānau, iwi, communities and employers. The Strategy aims 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.

Kete whiri provides the overarching framework for all we do as an organisation. It describes our goals as an organisation – what we are seeking to achieve for Aotearoa New Zealand – and defines our priorities for the coming years to deliver on our purpose and vision.

Delivering on *Our Strategy* allows us to give effect to the Tertiary Education Strategy and help deliver on Ka Hikitia and Tau Mai Te Reo.

We continue to strive to become a Tiriti o Waitangi led organisation

Our strategy reflects our Tiriti o Waitangi commitments:

- › We work in partnership with iwi, wānanga, Māori communities and Māori organisations.
- › The needs and aspirations of Māori learners, their whānau and communities are met through all we do.
- › Mātauranga Māori is strengthened in the system and te reo Māori is supported to grow and thrive as a taonga in Aotearoa.

Our actions to support these commitments are outlined in the TEC business plan.

In 2022/23 we embedded *Our Strategy* into our business planning process to ensure that everything we do is focused on the achievement of our goals. The TEC Business Plan for 2022/23, *Rautaki Ki Te Mahi – Strategy to Action*, sets out our priorities for the year and reflects the contributing core business and project activities required to deliver on our goals. The Plan provides staff with a line of sight, showing how their everyday mahi contributes to and helps to deliver on our strategy.

As the Business Plan sets out what we intend to deliver, it also provides the framework to monitor our progress and illustrate what we are doing as an organisation to deliver on the strategy.

Kete Whiri

Our Strategy



OUR GOALS

describe what we are seeking to achieve for Aotearoa New Zealand

Equity and an inclusive society

He porihanga tuwhera me te ōritetanga

Education, training and career pathways support equity of educational outcomes and an inclusive society

An adaptable system

He pūnaha urutau

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

OUR STRATEGIC PRIORITIES

are where we are focusing our effort to make the biggest difference to our goals

To make the biggest difference for this goal our strategic priority for the coming years will be to:

- 1. Embed our Ōritetanga Learner Success approach across the sector.**
A key component of this work is to build the capability of TEOs to take a systematic, learner-centred approach to all aspects of their operation.

To make the biggest difference for this goal our strategic priorities for the coming years will be to:

- 2. Unify the vocational education and training system.**
Ensure learners, vocational education providers, employers and industry are fit for today's needs and tomorrow's expectations.
- 3. Shift to a learner-centred investment system.**
We will develop an investment system that is outcome-driven and focuses on learners, whānau and communities.
- 4. Make it easier to upskill or change pathways.**
We will invest in flexible learning options and support so people can transition between work and learning throughout their lives.

OUR ACTIONS FOR 2022/23

reflect core business and key project contributions that are progressing our strategy

- ▶ Ōritetanga Learner Success Programme
- ▶ Investment core functions
- ▶ Careers core functions

- ▶ Investment core functions
- ▶ RoVE Programme
- ▶ Unified Funding System
- ▶ Vocational Education and Training
- ▶ Monitoring
- ▶ Entrepreneurial Universities, CAPEs, CoREs & PBRF

WE HONOUR OUR COMMITMENTS UNDER TE TIRITI O WAITANGI

▼▼▼ 1 ▼▼▼

We work in partnership with iwi, wānanga, Māori communities and Māori organisations

▼▼▼ 2 ▼▼▼

The needs and aspirations of Māori learners, their whānau and communities are met through all we do

▼▼▼ 3 ▼▼▼

Mātauranga Māori is strengthened in the system and te reo Māori is supported to grow and thrive as a taonga in Aotearoa



Build the right skills to succeed

Te whai pūkenga tika kia angitu ai

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

To make the biggest difference for this goal our strategic priority for the coming years will be to:

5. Build an integrated careers response.

A key component of this work is to partner with stakeholders to develop information, advice and guidance to empower every person to find their pathway to meaningful training, education or work.



Equip TEC for the future

Te whakarite kia takatū te TEC mō āpōpō

We aim to be an insight-driven and culturally affirming agency

To make the biggest difference for this goal our strategic priority for the coming years will be:

6. Thriving TEC

Invest in and grow our people so we are more data-savvy, learner-centric, equity-minded and culturally affirming.

Our Purpose

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

Our Vision

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

- | | |
|--|---|
| ▶ Careers core functions | ▶ Honoring Te Tiriti / He Marae Tangata |
| ▶ National Careers System Strategy | ▶ Our Carbon Neutral journey |
| ▶ Tahatū (careers website) | ▶ Privacy and Risk Management |
| ▶ Inspiring the Future | ▶ Cyber security and our ISSP |
| ▶ Vocational Education and Training marketing campaign | ▶ Data Centre Migration and Data System Refresh |
| | ▶ Gender pay gap |

The Tertiary Education Strategy

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

The TES is built on five objectives for education, which outline what the Government will focus on to improve outcomes and wellbeing across the education system:

- › Barrier-free access
- › Learners at the centre
- › Quality teaching and leadership
- › Future of learning and work
- › World-class inclusive public education.

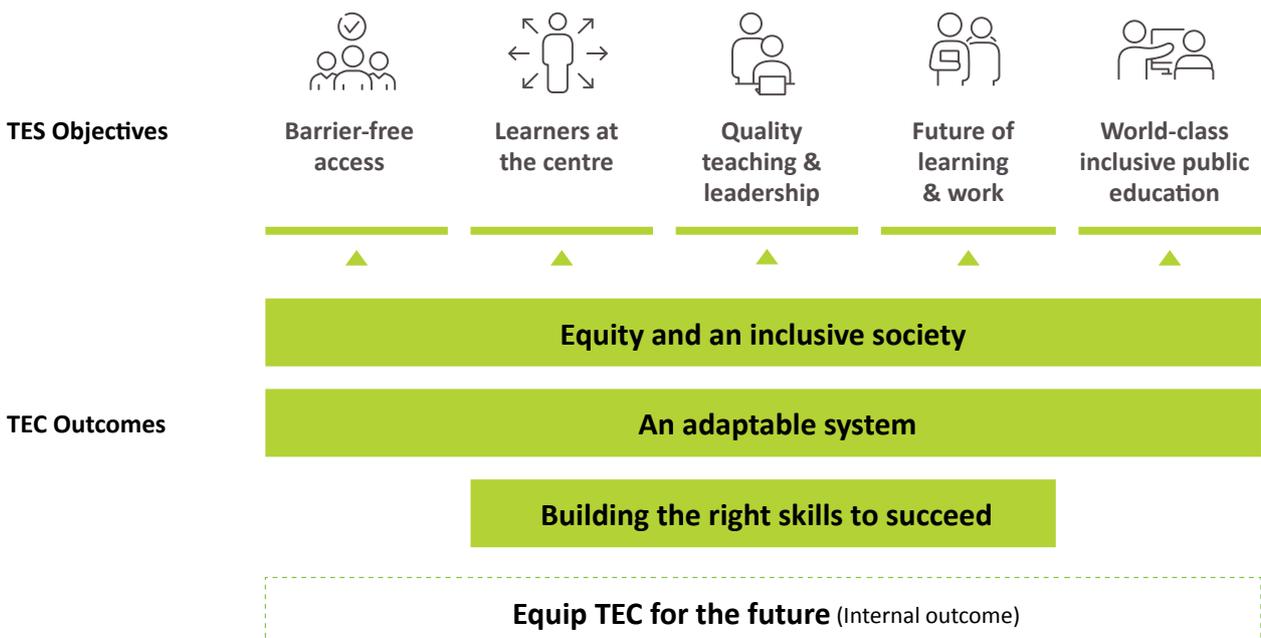
The TEC is required by the Education and Training Act 2020 to give effect to the TES. Our TEC Strategy has been designed to reflect this and respond to the five objectives.

The TES includes actions that both tertiary education organisations (TEOs) and government can take to help achieve the objectives. TEOs need to show how they have regard to the TES objectives in their investment plans. The TEC’s Investment Plan Guidance supports TEOs to do this.

More information about the TES can be found on the Ministry of Education’s website: www.education.govt.nz/our-work/overall-strategies-and-policies/the-statement-of-national-education-and-learning-priorities-nelp-and-the-tertiary-education-strategy-tes/.

The Tertiary Education Strategy (TES) sets out the long-term strategic direction for tertiary education

Our strategy has been designed to give effect to the TES





He porihanga tuwhera me te ōritetanga Equity and an inclusive society

Linking it all together





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

We want to build a tertiary education and careers system that helps shape an equitable and inclusive society. This means:

- › removing barriers, building confidence in under-served learners and allowing them to follow rewarding education and career paths
- › creating safe, inclusive and culturally responsive learning environments that meaningfully incorporate te reo Māori and tikanga Māori and where every person’s identity is valued and supported
- › increasing the participation and achievement of under-served learners in tertiary education to ensure better employment and wellbeing outcomes.

Our strategic priority for 2022/23 and beyond

To make the biggest difference for this outcome, our focus in coming years will be to deliver on our Ōritetanga Learner Success programme of work.

A key component of this work is to build the capability of tertiary education organisations to take a systemic, learner-centred approach to all aspects of their operations.



We want to build a tertiary education and careers system that helps shape an equitable and inclusive society.

Delivering equity across the system

We are committed to creating tertiary education and careers systems that respond to every learner's needs and where all learners can succeed. Currently, there are barriers to participation and success for many, including Māori, Pacific, disabled, and low-income learners. This has significant negative effects, causing missed opportunities for learners, their whānau, communities and employers.

The challenges to be addressed are systemic, entrenched and long-standing. Evidence shows that tertiary education organisations (TEOs) that want to make a difference for learners need to shift from individual interventions and pockets of focus to a systemic (i.e. all-of-organisation) learner focus in all aspects of their operations. Small individual initiatives do not make the differences needed.

We must build the capability of the system to put learners and their whānau at the centre. Our learner success approach asks TEOs to fundamentally change their operating models to do this. In return, we need to provide support, evidence and advice to help achieve this.

We are collaborating with the sector to drive the needed changes

This year we have further embedded learner success into our investment function. We introduced requirements that all TEOs receiving more than \$5 million in funding provide us with Learner Success Plans (LSPs) and Disability Action Plans (DAPs) as part of their Investment Plans. The LSPs and DAPs outline the changes they will make in their organisations to put them in good stead to achieve equity.

Learner Success Plans

The learner success approach requires TEOs to understand their learners and design how their whole business must operate in order to deliver to their needs and ensure success. Their LSPs outline how this will happen and a roadmap to success. Every LSP has been agreed to by the TEO's Council or Board.

We worked closely with every tertiary education institution (TEI) to provide feedback during the development of its LSP, as well as running regular face-to-face workshops to agree milestones of deliverables for the LSPs. Through this process, we now have a timeline for achieving system-level equity of educational outcomes.

Disability Action Plans

The DAPs catalyse change in TEOs' practices, to improve outcomes for disabled learners. We supported TEOs to develop draft DAPs, which will be finalised later in 2023. This year, out of a potential 23 TEOs, 20 submitted DAPs to us. We published a DAP sector report in early 2023, showcasing best practices and identifying areas for enhancement. Our ongoing collaboration with TEOs will ensure completion of the final versions of their DAPs for 2024 and beyond.

We are sharing knowledge and best practice across the tertiary sector

To support TEOs to be successful and adopt best practice when developing and delivering their learner success programmes, we provided them with a range of new knowledge and tools.

We are collaborating with TEOs to share knowledge and best practice approaches to significantly improve the success of all learners. The goal is to enhance knowledge and capability across the sector, assisting TEOs to collaborate with each other and creating efficiencies in organisational change.

Based on models and evidence we've seen – both here and overseas - we developed a *Learner Success Framework* for Aotearoa New Zealand. It's designed to address the biases and disparities that have resulted in the tertiary education system under-serving specific learner groups, and it provides TEOs with an approach for putting learners at the heart of what they do.

Working with the sector and with learner success experts, we also:

- › developed and released a downloadable tool for TEOs to facilitate discussions about equity and identifying focus areas for their own learner success approach
- › introduced resources and guidance to enhance sector capability for supporting specific cohorts of learners, including e-learning modules to enhance TEOs' disability confidence, resources and guidance to support learners with ADHD and autism, and guidance for care-experienced learners, and
- › collaborated with the New Zealand Qualifications Authority to advise over 400 staff from the private training establishment sector on supporting disabled learners and maximising the TEC's capability resources.

With the Ministry of Education, we worked on the design of a new fund, the Tūwhitia – Accelerating Learner Success Fund. The fund will enable us to invest in learner success initiatives at TEOs to improve and accelerate their learner success programmes and ensure more learners are successful much earlier.

And we are making changes at our own organisation

To successfully drive the changes we seek from the sector, we also need to become a more learner-focused and equity-minded organisation ourselves. To achieve this, we made changes across the business.

In addition to incorporating LSPs and DAPs into our investment function, we are also:

- › progressing our He Marae Tangata internal organisational capability programme designed to support us to become a learner-centric, equity-minded and culturally affirming organisation (more on page 65), and
- › focusing our data and analysis on a more learner-centric approach to understanding how the system works for learners. This way, we can identify what works, what doesn't, and help drive the changes required with the TEOs.

Te pārongo inenga, ahunga hoki

Measures and trend information



Outcome: Equity and an inclusive society

Measure: The movement of under-served groups' outcomes towards parity with everyone else

Learner success

Metric	Indicators of progress towards achieving this measure (SPE measure results)	2022/23 Actual	2021/22 Actual	2020/21 Actual	2019/20 Actual
Number of tertiary education organisations achieving Learner Success progress measures or targets	Number of tertiary education organisations who are delivering on the milestones in their learner success plans	No data available until 2023 (Note 1)	Not applicable	Not applicable	Not applicable
	Number of tertiary education organisations who have a learner success plan that includes a roadmap of tangible goals and milestones	22 (Note 2)	Not applicable	Not applicable	Not applicable

Note 1 – We are in the early stages of this work. Our initial focus is on Tertiary Education Institutions (TEIs). All TEIs have submitted and started delivering on their LSPs. As 2022 was the first year that LSPs included progress milestones, we will not have a complete picture of who is delivering on their milestones until we have the full 2023 calendar year results. We will report 2023 results in our Annual Report for the year ended 30 June 2024.

Note 2 – This measure relates to TEOs that were Plan-required and receive over \$5 million in funding, and mid-cycle tertiary education institutions (all of which had to submit an LSP). All 12 TEIs, and 10 TEOs have LSPs that include a roadmap of tangible goals and milestones.

Parity rates

We want to see achievement patterns for under-served learners be on a par with other learners in the tertiary education system.

The parity gap is a measure of the difference in achievement between one group and another.

Measure	Indicator of progress towards achieving this measure (SPE measure result)	Group	Level	Parity gap			
				2022	2021	2020	2019
Year 1 retention rate parity between under-served learners and other learners in the tertiary system	First year retention rates for qualification at:	Māori (relative to non-Māori and non-Pacific)	Levels 4-7 non-degree	-3.00 percentage points	-4.6 percentage points	-6.9 percentage points	-7.1 percentage points
			Level 7 degree and above	-9.10 percentage points	-9.8 percentage points	-9.8 percentage points	-11.1 percentage points
		Pacific (relative to non-Māori and non-Pacific)	Levels 4-7 non-degree	-4.6 percentage points	-10.5 percentage points	-8.8 percentage points	-12.1 percentage points
			Level 7 degree and above	-6.9 percentage points	-7.5 percentage points	-8.6 percentage points	-6.2 percentage points

Measure	Group	Parity gap			
		2022	2021	2020	2019
Parity between educational outcomes of under-served learners and other learners in the tertiary system. (Note 1)	Māori (relative to non-Māori and non-Pacific)	-13.3 (Note 2)	-14.7	-13.5	-13.3
	Pacific (relative to non-Māori and non-Pacific)	-17.5 (Note 2)	-14.5	-15.8	-18.8

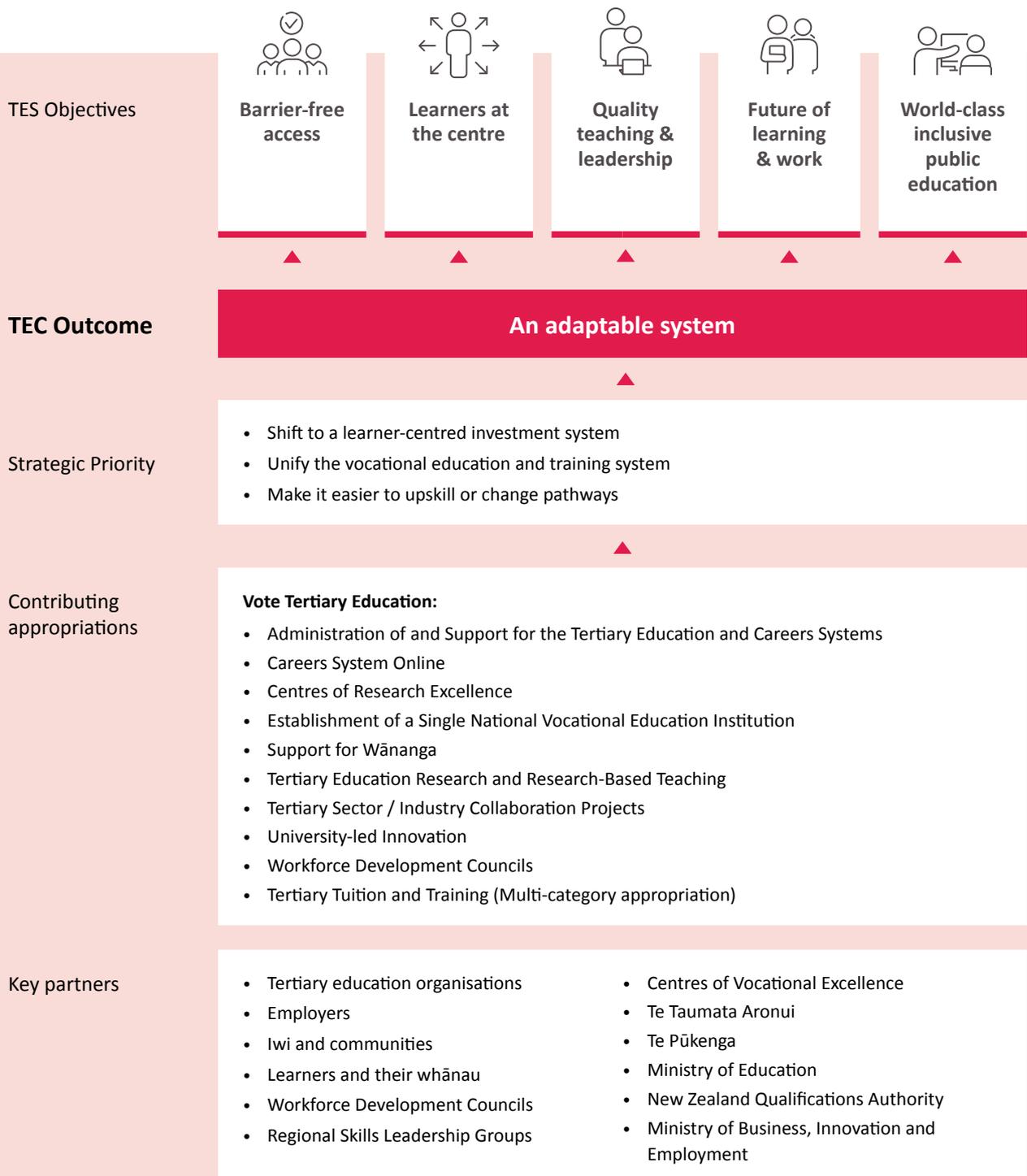
Note 1 – This new measure will track the movement in the parity gap between under-served learners and all other learners in relation to the achievement of a formal qualification (Level 4 industry training or Level 7 degree). This year we have reported on the parity gap of educational outcomes for Māori learners (relative to non-Māori and non-Pacific learners) and Pacific learners (relative to non-Māori and non-Pacific learners).

Note 2 – Learner completion rates are likely to have been impacted by several factors. These include the effects of COVID-19 disrupting student lives, study and preparation for study; changes to the entry requirements for university in response to COVID-19; increases in the cost of living affecting learners' ability to remain in study; and some learners choosing employment opportunities rather than completing their qualifications.



He pūnaha urutau An adaptable system

Linking it all together





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

We want to create an adaptable, resilient and connected system that meets the needs of Aotearoa New Zealand and New Zealanders, now and in the future. This means:

- › ensuring learners, communities and employers can seamlessly navigate between different parts of the system to access what they need to succeed
- › making sure the system embraces mātauranga Māori and supports the development of knowledge from different cultural perspectives
- › ensuring the system generates transferrable knowledge that increases entrepreneurship, innovation and growth
- › making sure the system is resilient, fiscally sustainable and partners with, and responds to, the current and future needs of learners, iwi, communities and employers.

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



Our strategic priorities for 2022/23 and beyond

To make the biggest difference for this outcome we have three strategic priorities as our focus in coming years.

- › **Unify the vocational education and training system** to ensure learners, vocational education providers, employers and industry are fit for today’s needs and tomorrow’s expectations.
- › **Shift to a learner-centred investment system** where we will develop an investment system that is outcome-driven and focuses on learners, whānau and communities.
- › **Make it easier to upskill or change pathways** where we will invest in flexible learning options and support so people can transition between work and learning throughout their lives.

Future-proofing investment in the tertiary system

Our aim is to create an adaptable, resilient and connected tertiary system that meets the needs of New Zealanders.

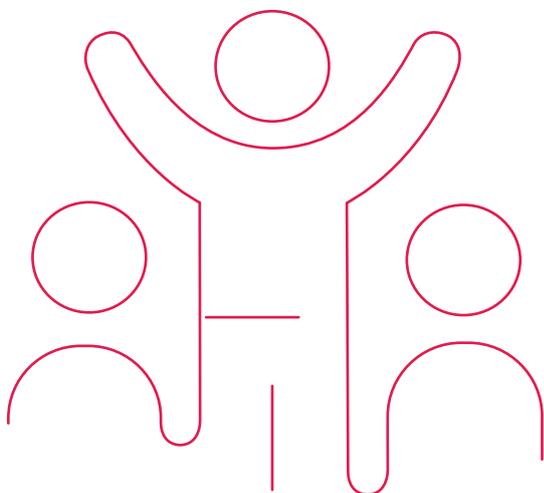
We continued our shift towards an outcome-focused investment ecosystem where learners are supported by their whānau and communities and are at the centre of all our decision-making processes. This ecosystem makes it easier for learners to upskill or change pathways too, as we increasingly invest in flexible learning options that ensure the doors between work and study are open.

Enrolments were down in the 2022 calendar year, and this trend flowed through to 2023 for many providers. Victoria, Otago and Massey universities were among those most affected in the sector.

Investment and delivery for 2023 and 2024

Between July and December 2022, we agreed funding allocations for 2023 with all On-Plan providers. Over \$2.7 billion of funding for 2023, to be paid to more than 270 tertiary education organisations (TEOs), was approved by our delegated decision-makers.

In previous years we have allocated additional funding through a TEO-led expression-of-interest process. In 2022 and 2023, we took a more targeted approach. Using forecasts and data analysis, we identified those providers who have demand that exceeds their initial allocations, and who are delivering education and training that meets the Government's strategic priorities. In this way, we supported the greatest growth within those providers with the highest levels of capability. We will also adopt this approach as we determine the funding allocations for 2024.



The delivery phase of the Reform of Vocation Education (RoVE) was completed at the end of 2022

- › By 1 October 2022, all 11 Transitioning Industry Training Organisations (TITOs) had successfully transitioned to their receiving providers, three months ahead of the legislated deadline.
- › The Unified Funding System (UFS), the final element of structural change to be delivered as part of RoVE, was implemented from 1 January 2023.



Private training establishments (PTEs) Strategic Funds available for 2023

\$16.8 million

INITIAL ROUND

\$13.2m

was allocated to 61 PTEs for 69 vocational education and training (VET) initiatives

TARGETED ROUND

\$2.3m

was allocated to 18 PTEs for 20 VET initiatives

Delivering on the strategic goals of the United Funding System (UFS)

The UFS has been designed to put the needs of learners at the centre. It encourages providers to make work-based training options available and addresses national and regional skills priorities to better support our economy and communities.

Strategic component funding is a key part of implementing the UFS, supporting providers to develop innovative programmes and respond to the priorities that regions and industry identify. The UFS has three components that fund delivery, learner and strategic priorities, respectively.

The 2023 private training establishments (PTEs) Strategic Fund was launched in July 2022 as part of the UFS changes. Of the \$16.8 million available for 2023, \$13.2 million was allocated to 61 PTEs for 69 vocational education and training (VET) initiatives in the initial round. In March 2023, we ran a targeted round for the remaining \$3.6 million, with a further \$2.3 million allocated to 18 PTEs for 20 VET initiatives.

Embedding RoVE into our core investment process

Workforce Development Councils (WDCs) and Regional Skills Leadership Groups (RSLGs) are now into their second year of providing advice to inform our investment in vocational education and training (VET). The TEC leads the Government's relationship with WDCs. It funds and monitors the WDCs and is also a key recipient of their advice.

WDC and RSLG advice has been included in our investment toolkit for TEOs, UFS strategic component funding and Investment Plan evaluation criteria. Process improvements by WDCs and RSLGs this year enabled a real shift in terms of integrating insights and advice into our investment model. Our engagement aims to focus RSLG Regional Workforce Plans around skills shortages and what future demand for tertiary education provision might look like.

Formal WDC and RSLG advice on the broader priorities for investment was submitted in April 2023 (for Investment 2024), and that content helped inform the development of our investment Plan Guidance.

Longer-term and deeper cultural changes in the system are beginning to take effect. New roles, functions and systems are emerging. Organisations who are a part of, or who are linked to, the vocational education system are communicating and coordinating with each other in implementation, including using co-design approaches, leading to integration of these new functions and systems within and across organisations.

Vocational Educational and Training (VET)

Achieving the reform's intended outcomes and seeing the full benefits of a unified network of delivery created by reforms will take at least five to ten years. Currently we are at the 'end of the beginning' for the reform.

To support the reform's intended outcomes, key partners and stakeholders from the across the sector were engaged in developing an ongoing Vocational Educational and Training outcomes leadership model.

The resulting model is being implemented and centres on two core groups:

- › **an Operational Leadership Group**, made up of representatives from all the different parts of the vocational sector, focused on ensuring the system is operating as designed and enabling VET entities to collaborate and deliver reform outcomes (established June 2023), and
- › **an Outcomes Leadership Group** representing the voice of the key beneficiaries (employers and learners) from the reformed vocational education system, to be established in early 2024.

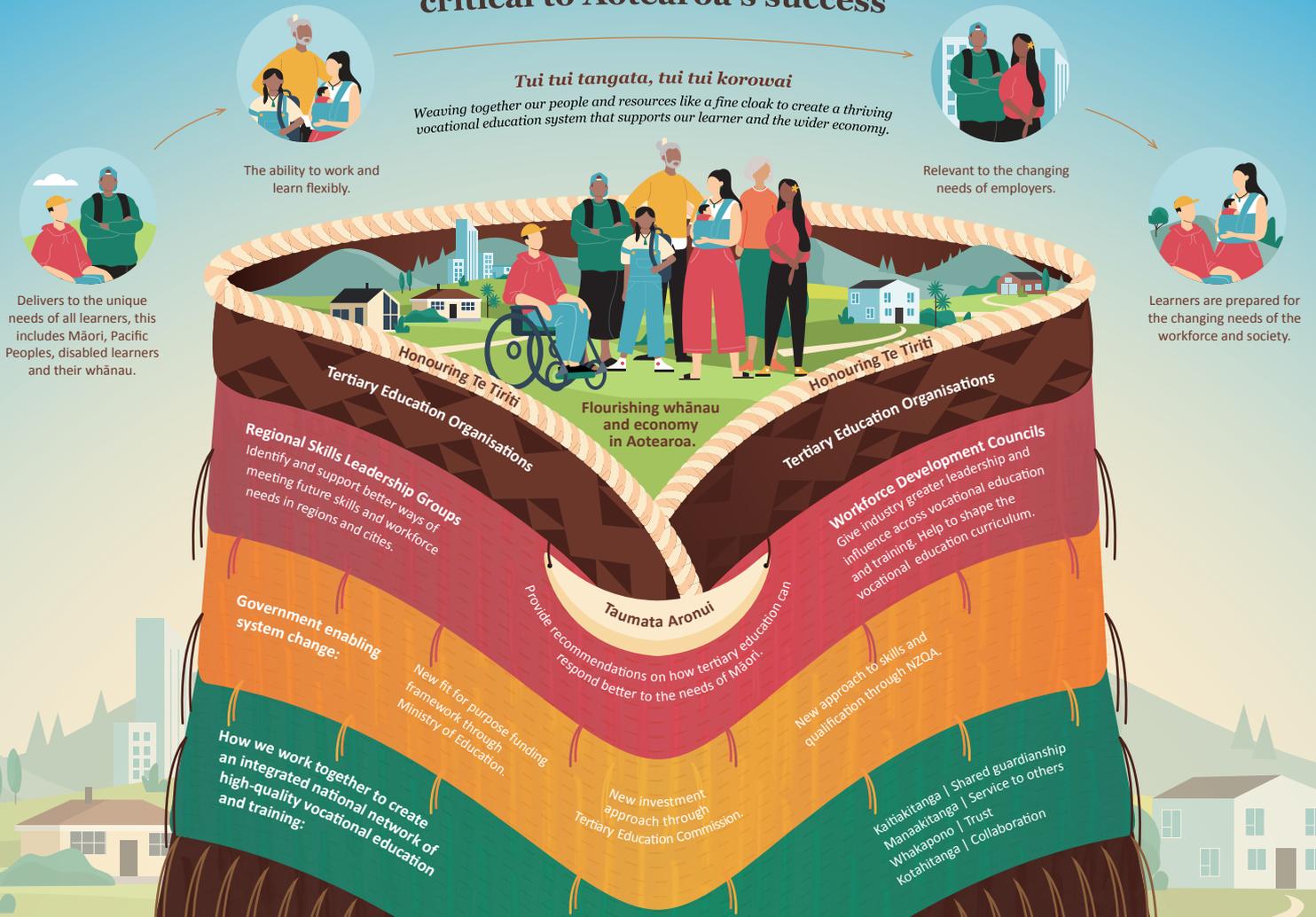
All the structural elements of the new VET system are in place.

This korowai below represents the new system, and the way the korowai is woven together represents the way the system works. Like a korowai, the system wraps around the learner, their whānau, iwi and industry to deliver the skills that learners, employers and communities need to thrive in Aotearoa New Zealand.

A vocational education sector critical to Aotearoa's success

Tui tui tangata, tui tui korowai

Weaving together our people and resources like a fine cloak to create a thriving vocational education system that supports our learner and the wider economy.





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

The TEC undertakes a range of monitoring activities on behalf of both the TEC Board of Commissioners to inform funding decisions, and on behalf of the Crown, given its ownership interest in tertiary education institutions (TEIs). Our monitoring also supports the TEC's stewardship of the overall tertiary system.

Compliance monitoring ensures system integrity and protects learners' interests

Audits, investigations, and broader data-driven reviews of common issues are used to provide assurance that tertiary education organisations (TEOs) are complying with funding rules, and to help correct issues where they are identified. The TEC completed 46 audits of funded TEOs in 2022/23, and finalised and published reports on two investigations.

We routinely share the outcomes and learnings from our monitoring work to build capability in the sector. We published two Monitoring Update newsletters during 2022/23 covering a wide range of compliance areas, while 81 percent of TEOs we audited agreed or strongly agreed that their audit report was clear and easy to understand, and that it was useful to their organisation.

Financial monitoring supports responsible investment and the management of Crown risk

Many TEOs continue to face financial challenges given the high-inflationary environment, lower-than-expected domestic enrolments, and international enrolments that remain below pre-COVID-19 levels (despite recent growth). With an increasing number of TEOs in financial difficulty, we have increased the scale of our financial monitoring accordingly.

For Te Pūkenga and universities where financial risk has increased significantly, we have implemented more intensive reporting, monitoring and engagement between the TEC and the sector. We meet regularly with TEIs to understand their financial position, operating context and unique challenges and risks. This supports us in providing well-informed advice to the Minister of Education on sector performance as well as monitoring and managing risks to the national network of provision. We also provided a range of advice to the Secretary for Education during 2022/23, as some TEIs sought to renew or extend commercial borrowing consents.

A number of funded PTEs are also managing financial challenges, and some have already decided to cease trading or experienced an insolvency event. We use lead indicators to identify private training establishments (PTEs) under financial pressure early and then take an active management approach. While we provide support and advice where we can, ultimately the TEC must ensure the responsible use of public funds and further closures are inevitable. In the event of PTE closures, our focus is on supporting learners to transition and complete their study or training with alternative providers as seamlessly as possible.

Additional monitoring activities ensure public entities are well governed and managed

A significant focus in 2022/23 was monitoring Te Pūkenga's transformation, including the development and implementation of a financially sustainable operating model. During the year we refreshed our monitoring framework for Te Pūkenga and continued to provide quarterly monitoring reports to the Minister of Education. Our monitoring informed new appointments to Te Pūkenga's council, a revised ministerial Letter of Expectations, and government decisions on additional investment to support Te Pūkenga's transformation.

In 2022/23 we supported the Minister of Education to make 26 appointments or reappointments across the councils of TEIs and the Muka Tangata – People, Food and Fibre and Ringa Hora – Services workforce development councils (WDCs). Fifty percent of ministerial appointments administered by the TEC were women, in line with the government's target. Good governance is critical to high-performing institutions, and during 2022/23 the TEC held webinars for new TEI council members and students in leadership and governance roles.



Māori and Pacific representation on TEC-administered councils were also above the public sector average, at 34.8 percent and 9.1 percent respectively.

Our tertiary education learners

TEC-funded learners²

60%
WERE EUROPEAN

20%
WERE MĀORI

17%
WERE ASIAN

In 2022 there were

478,985

TEC-funded learners enrolled in
Te Pūkenga, universities, wānanga,
and private training establishments¹

10%
WERE PACIFIC PEOPLE

3%
WERE MIDDLE EASTERN,
LATIN AMERICAN, AFRICAN
*(Learners can identify as
more than one ethnicity)*



1. Data is based on both the Single Data Return and the Industry Training Register.

2. Learners can be counted more than once when they are reported in more than one category. Therefore, the sum of learner numbers in individual categories may exceed the total number of TEC-funded learners (478,985), and aggregated percentage values may exceed 100%.

66% of learners studied or trained in these five regions²

29%

AUCKLAND

12%

WELLINGTON

6%

OTAGO

8%

WAIKATO

11%

CANTERBURY



19%

OF LEARNERS STUDIED AT LEAST ONE COURSE EXTRAMURALLY



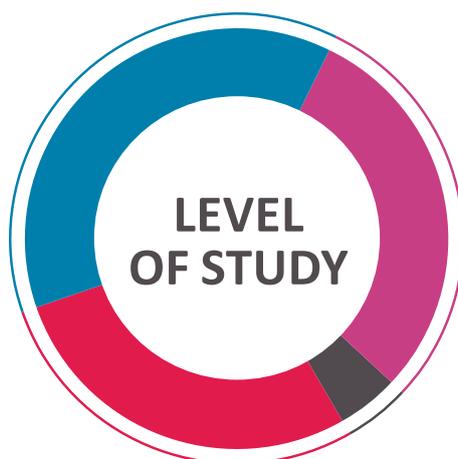
Learners studied and trained at these levels²

39%

HIGHER EDUCATION
(LEVELS 7 DEGREE AND ABOVE)

29%

VOCATIONAL EDUCATION:
PROVIDER-BASED
(LEVELS 3 TO 7 NON-DEGREE)



31%

VOCATIONAL EDUCATION:
WORK-BASED
(ALL INDUSTRY TRAINING)

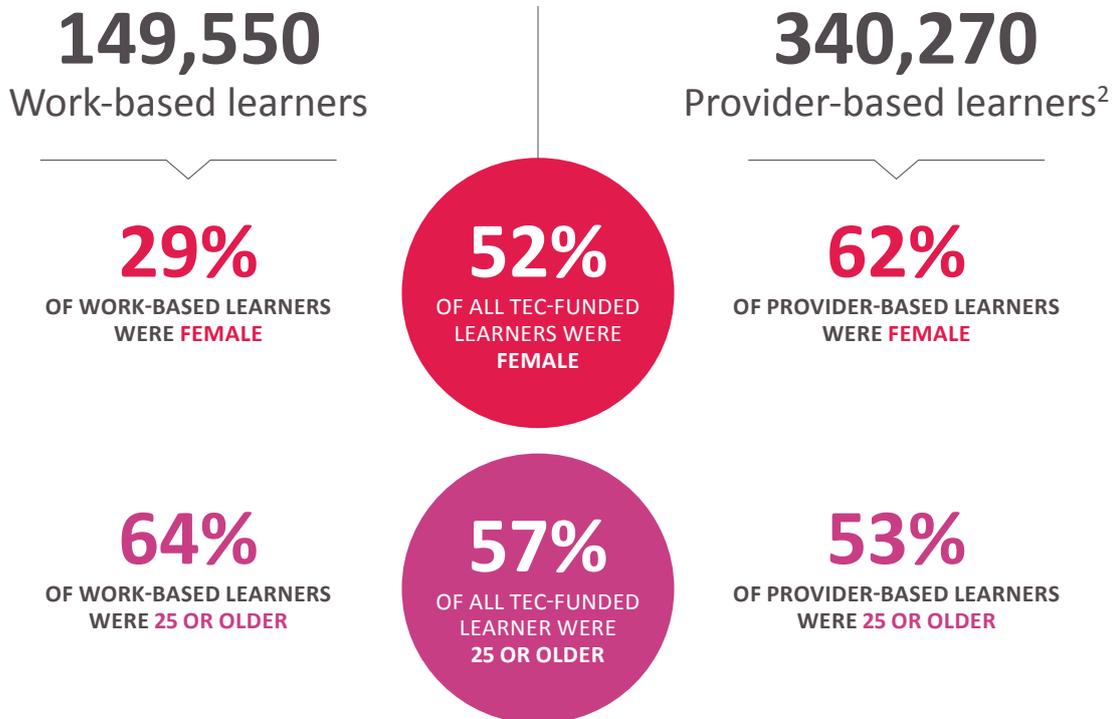
5%

FOUNDATIONAL
EDUCATION

1. Data is based on both the Single Data Return and the Industry Training Register.

2. Learners can be counted more than once when they are reported in more than one category. Therefore, the sum of learner numbers in individual categories may exceed the total number of TEC-funded learners (478,985), and aggregated percentage values may exceed 100%.

TEC-funded learners included



TEC-funded learners completed their study and training in 2022¹



In addition to the TEC-funded learners, there were **30,100** provider-based international fee-paying learners. **89%** of these international learners were from Asia³

1. Data is based on both the Single Data Return and the Industry Training Register.

2. Learners can be counted more than once when they are reported in more than one category. Therefore, the sum of learner numbers in individual categories may exceed the total number of TEC-funded learners (478,985), and aggregated percentage values may exceed 100%.

3. Data based on the Single Data Return.



Entrepreneurial Universities and the next generation of jobs

The Entrepreneurial Universities initiative, aimed at developing technological industries for Aotearoa New Zealand based on high-quality research, saw five of the nine programmes successfully finish up during the year. Hosted by universities, which have provided a minimum of 50 percent of the four-year funding, they have created new courses and inspired a generation of entrepreneurial students. The Entrepreneurial Universities programmes have created career opportunities for New Zealanders by investigating new ideas, collaborating with industry, and starting up new companies to commercialise their research.

The success of this initiative is exemplified by the Macroalgal Biotechnology Enterprises programme, hosted by the University of Waikato. At its heart, this programme is about developing uses and products from New Zealand's seaweeds, with economic, health, environmental, social and cultural benefits. Based on research conducted primarily at their state-of-the-art facility for seaweed cultivation in Tauranga, and working with several businesses and Māori organisations, they have demonstrated the farming of seaweed, its use in the remediation of wastewater and estuarine water by the absorption of nitrogen and phosphorous, and the potential of seaweed for bioproducts such as fertiliser, food and cosmetics. This work has opened up a promising strand for New Zealand's 'blue economy'.

Another programme, the Strong Artificial Intelligence Lab hosted at the University of Auckland, has several projects that are providing Artificial Intelligence (AI) systems with more of the capabilities used in complex problem solving by humans, for example, in regulatory compliance and in understanding and modelling social behaviours in animals. One interesting project is to understand how cultural viewpoints can be incorporated in AI. Part of the Lab's programme is to help Aotearoa New Zealand prepare for the current transition to a society in which AI is becoming ubiquitous. They are also raising industry awareness of the opportunities available to them in this rapidly changing field.

Centres of Asia-Pacific Excellence – inclusively building relationships with Asia and Latin America

The mission of the Centres of Asia-Pacific Excellence (CAPEs) is to utilise university expertise and networks to significantly enhance New Zealanders' Asia-Pacific skills and knowledge, to support economic growth and wellbeing. The CAPEs have four priorities:

- › to build the capability of business to engage effectively in the region
- › to deepen New Zealanders' understanding of cultures and languages and build global citizenship
- › to strengthen the dissemination of university-based knowledge to inform policy and decision-making, and
- › to draw on university networks to enhance connectivity and deepen engagement with the region.

Established in 2017 and due to finish by mid-2024, the CAPEs receive \$10 million per annum, split between the North Asia, South-East Asia, and Latin America CAPEs. In 2022/23, 250 events were attended by 9,000 people, a 13 percent increase in participants on the year before.

Highlights included an Asia-Pacific Summit that discussed how to connect and do business with the Asia-Pacific and featured many Māori entrepreneurs; the introduction of a Spanish Language Week and celebrations of 50 years of diplomatic relationships with Chile and with Mexico, to boost awareness of Latin America; and programmes for Māori, Pacific people, women and youth, to support a more inclusive trade economy.

Centres of Research Excellence – committed to excellence, equity and wellbeing

The Centres of Research Excellence (CoREs) are cross-institutional organisations that support world-leading research. They engage in many other activities that include training, sharing knowledge with the public, informing policy, and fostering innovative ventures such as start-up companies.

CoREs were set up in 2002, principally to achieve a greater degree of collaboration between institutions and individuals, and they have been very successful in doing this. Over the last 20 years, there have been just 15 CoREs, 10 of which are currently supported with a total funding of \$50 million per annum. While this directly funds significant amounts of research, the power of the CoREs is that they promote cohesive programmes that draw in support, nationally and globally.

One of the conditions on the current CoREs, funded from July 2021 until December 2028, is that each one “commits to equity and wellbeing outcomes, including encouraging and enabling diversity and inclusion in its research activities and/or its research teams”. This formalises a long-standing quest of the CoREs that is reflected in their evaluation measures, their topics of research, and even in the way they conduct research, with much higher community involvement and co-design than ever before.

The comprehensive activities of CoREs are published in their 2022 calendar year annual reports.



CoREs were set up in 2002, principally to achieve a greater degree of collaboration between institutions and individuals, and they have been very successful in doing this.

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 (TEOs) with Level 7 and above degree-granting authority. This includes universities, Te Pūkenga, wānanga, and several private training establishments.

The PBRF's three funding components are:

- › The Quality Evaluation component encourages and rewards the quality of research of individual academics at eligible TEOs, as assessed by expert peer review panels.
- › The Research Degree Completion component supports TEOs in their training of the future research workforce.
- › The External Research Income component rewards TEOs for securing other research funding.

Implementing PBRF review decisions

Following the independent review of the PBRF in 2019/20, Cabinet decisions included some significant changes to the fund:

- › A new objective and three new principles for the fund focused on equity and diversity, Te Tiriti o Waitangi and the Māori–Crown partnership
- › Increased support for Māori research and researchers through an uplift in funding weightings applied to research submitted to the Mātauranga Māori 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 researchers.

Work completed in 2022/23

In July 2022, the Minister agreed to delay the Quality Evaluation by a year in recognition of the impact of COVID-19 on TEOs and their staff members. The Quality Evaluation will now be held in 2026 rather than 2025.

During 2022/23 we worked with our Sector Reference Group (SRG) to continue consultation on implementing Cabinet's decisions. These changes will operationalise Cabinet's direction to improve equity outcomes in the Quality Evaluation and reflect the new PBRF principles, including around upholding our Tiriti o Waitangi obligations and Māori-Crown partnership.

We completed a number of important operational steps in preparation for Quality Evaluation 2026. This included appointing the moderation team, panel co-chairs, and initial panelist, and appointing Deloitte to lead the TEO audit process.

Te pārongo inenga, ahunga hoki

Measures and trend information



Outcome: An adaptable system
Measure: System accessibility, resilience and connectedness

Collaboration

Metric	How we are reporting 2022/23 progress
Collaboration behaviours between TEOs, and with employers, iwi and communities on issues affecting sector performance	<p>Te Pūkenga reported collaboration across its network in its 2022 annual report including:</p> <ul style="list-style-type: none"> › joint work on an initial pilot for a wider network model between the Open Polytechnic and Ara and Tai Poutini Polytechnic to provide on-campus facilities for distance learners › a partnership between Tai Poutini Polytechnic and Primary Industry Training Organisation to align agricultural training on the West Coast so that learners could move between campus-based and on-the-job learning, and › joint work between Building and Construction Industry Training Organisation and the Universal College of Learning to develop a Construction Trades Supervision Level 5 qualification delivered through blended learning.

Sustainable provision

Metric	2022/23 Actual	2021/22
Confidence in provider and employer network to deliver sustainable provision	31% (Note 1)	Not Applicable

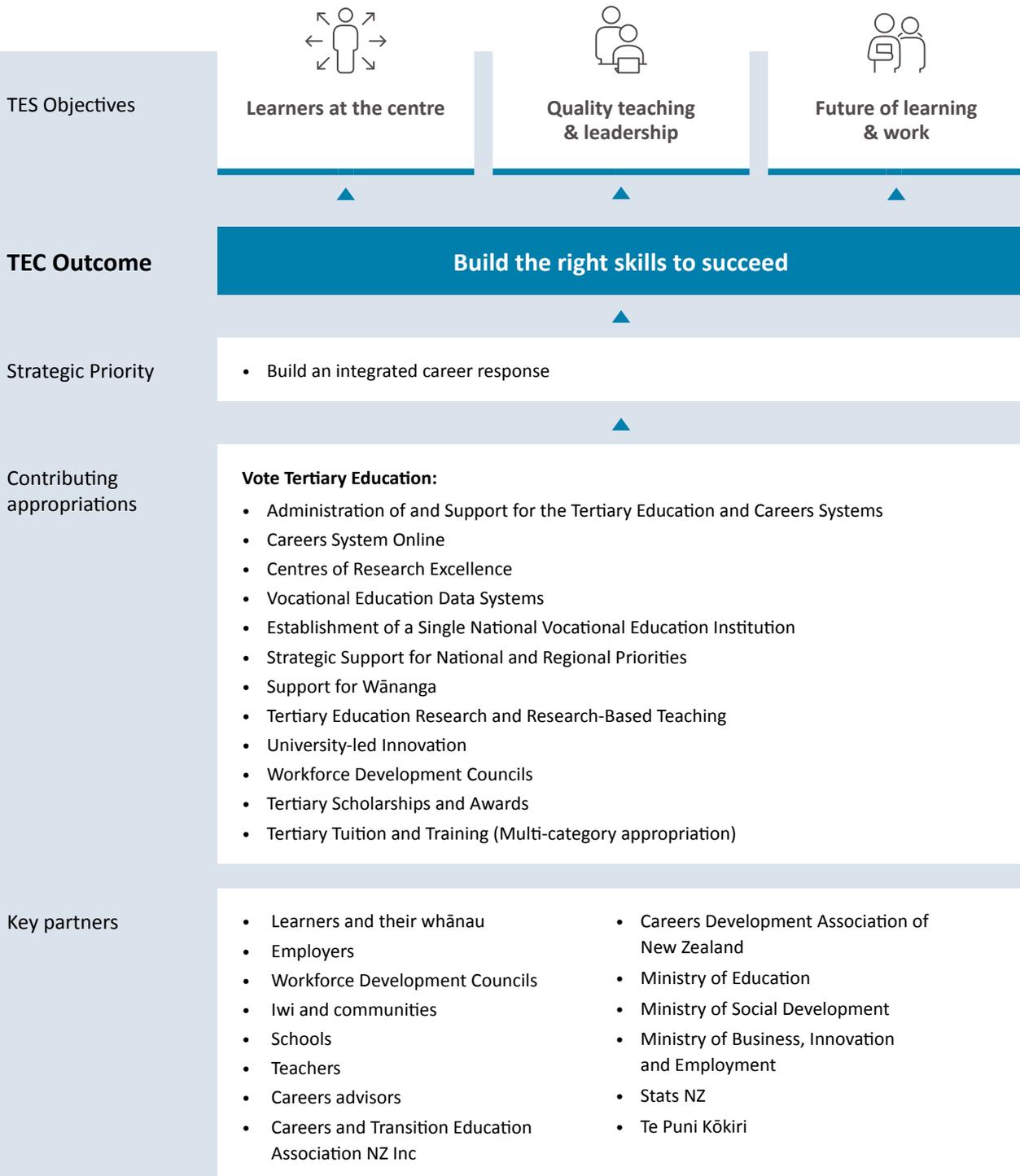
Note 1 – The new vocational education training (VET) system aims to create a more effective collaborative network of vocational education providers and employers to deliver sustainable vocational education. This measure was included in our annual Partner and Provider survey for the first time in 2022/23. Consequently, there is no prior year data available. The survey question was: “How confident are you that the network of providers and employers is currently delivering sustainable provision of vocational education?” The survey sample included tertiary education organisations, schools and other sector stakeholders.



Te whai pūkenga tika kia angitu ai

Build the right skills to succeed

Linking it all together



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

We want New Zealanders with the skills and experience they need to find sustainable work and that employers and communities need to excel and thrive. This means:

- › 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
- › making sure the tertiary education and careers system equips learners with skills sought by employers and communities and creates easy pathways between education and employment.

Our strategic priority for 2022/23 and beyond

To make the biggest difference for this outcome our focus in coming years will be to build an integrated career response.

We will partner with stakeholders to develop information, advice and guidance to empower every person to find their pathway to meaningful training, education or work.



We want New Zealanders with the skills and experience they need to find sustainable work and that employers and communities need to excel and thrive.

The careers system in Aotearoa New Zealand is complex, with a large and diverse stakeholder base

We are New Zealand's careers agency and provide occupational and educational information to build links between schools, tertiary providers, employers and communities, to ensure learners are ready for work and further study. Through our work, we:

- › lead government agencies to further develop the careers system response, thereby creating a more connected system for people to access and engage with
- › support all New Zealanders to understand and look for opportunities to upskill, reskill and adapt to the changing nature of work
- › ensure all learners, whānau, communities, industries and employers have access to quality careers advice, resources and information
- › are focused on working with Māori, Pacific and disabled communities for whom the current system is not working, and
- › work with Māori and iwi to ensure the careers system meets their needs.

We led the development of the National Careers System Strategy

The Strategy sets the direction for the careers system in Aotearoa New Zealand and the future state we want to move towards. It outlines the vision, strategic priorities and actions that collectively support strengthening and futureproofing the national careers system.

The TEC holds a leadership role in the careers system in Aotearoa New Zealand. We are responsible for leading and coordinating its implementation, to move the system towards the vision – *“people are empowered to understand themselves and their aspirations and can navigate careers opportunities that fit throughout their lives”*.

The Strategy supports actions within the Statement of National Education and Learning Priorities (NELP) and the Tertiary Education Strategy (TES), the Employment Strategy and its action plans.

We took a collaborative approach to developing the Strategy, working with a cross-agency Advisory Group and over 700 representatives from the careers system.

What is a career?



We have defined the term **careers** broadly for the purpose of this work. The National Careers System Strategy considers careers to include all paid and unpaid work, as well as time in study and training, that a person may do throughout their life. This recognises that the concept of a career is not the same for all people and all cultures.

The Strategy sets the government’s direction for the careers system and values all work and pathways

The Strategy contributes to the Government’s commitment to building a skilled workforce, improving the efficiency of the labour market, and helping to improve equity.

It includes a vision, purpose, principles and three focus areas for change.



Te Matawhānui | **Vision**

People are empowered to understand themselves and their aspirations and can navigate careers opportunities that fit throughout their lives.



Te Pūtake | **Purpose**

To provide careers education, information, advice and guidance to support people to make careers decisions and transitions.



Ngā Mātāpono | **Principles**

A CAREERS SYSTEM THAT IS/HONOURS:

He Wātea ki te Tokomaha | **Accessible**

He Kauawhi | **Inclusive**

Te Tiriti o Waitangi | **The Treaty of Waitangi**

He aro ki te tangata | **People-centred**

Te Kounga | **Quality**

He Urupare | **Responsive**

He Tūhonohono | **Connected**

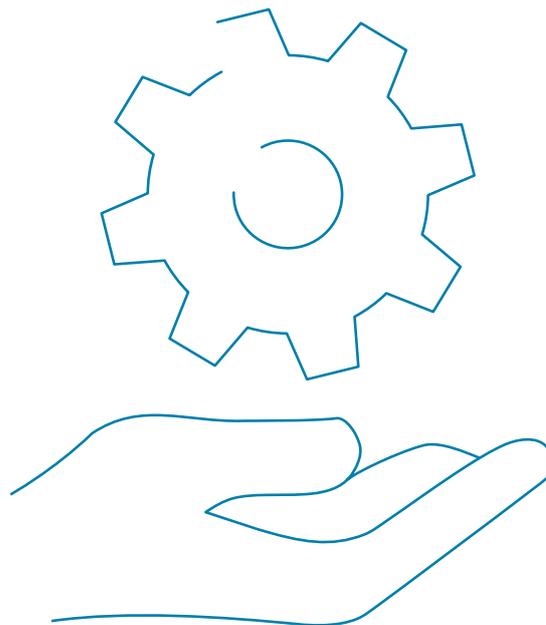
The three focus areas are:

- › **Strengthen connections:** Establish a leadership function for the careers system to improve coordination and support stronger connections between the system’s users, stakeholders, government agencies and related systems.
- › **Grow quality careers support:** Improve the quality and availability of careers support, and the diversity of those who deliver it.
- › **Ensure equitable access:** Work collaboratively with Māori, other communities and stakeholders to understand and remove barriers preventing people and their whānau from accessing and using the careers system.

Each of the focus areas contains recommended actions which support improving the careers system to ensure it supports everyone to gain the skills, knowledge and pathways to succeed, so people, employers and communities can thrive.

The Action Plan

In collaboration with the cross-agency Advisory Panel and stakeholders, we developed a draft Action Plan to implement the Strategy. These stakeholders represent specific areas of the careers system or perspectives of an under-served group that accesses the system. They include: Whaikaha – Ministry of Disabled People, Ministry of Ethnic Communities, industry and business representatives, Regional Skills Leadership Groups, Workforce Development Councils and the Council of Trade Unions.







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

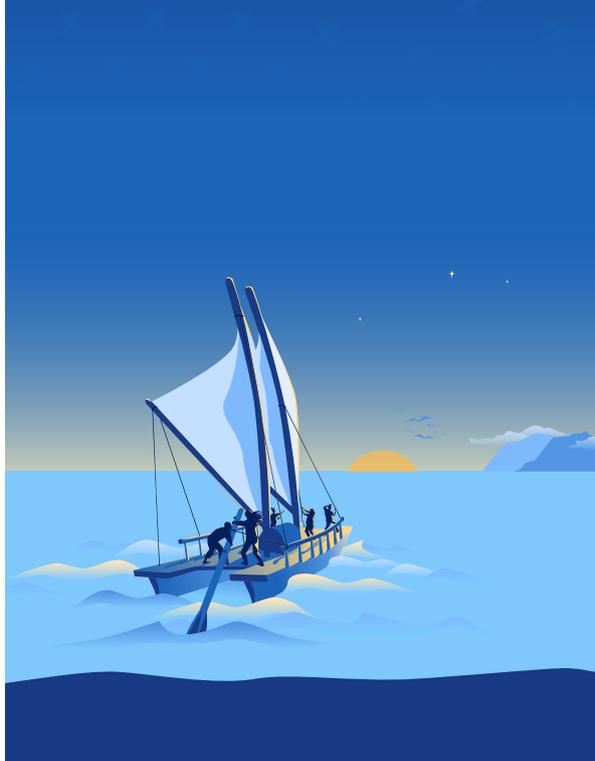
Tahatū is the new career planning website that the TEC is developing with consultation and support from the education community, careers practitioners, students and whānau. Tahatū is the next generation of the careers.govt.nz website, which has been well used by New Zealanders for the past 20 years.

Tahatū will support people to make informed decisions for their individual career plans and assist them to identify options and steps to get there.

Tahatū is an important initiative in the National Careers System Strategy, and a key objective in the Tertiary Education Strategy for the future of learning and work. Tahatū will become the one source of truth for anyone seeking careers information.

While Tahatū is for all New Zealanders wanting to make career decisions, at any stage of their life, the first release is designed to focus on secondary students who are 13–19 years old. Career influencers such as career advisors, practitioners, parents, family and whānau are also a key audience, as they play an influential role in career planning for secondary students.

This release will enable the new website to be used, while we continue to develop additional features. To ensure Tahatū works well for our primary audience, an in-school pilot is being planned for the first half of 2024 before being released nationally.



One key development is an occupation database of more than 800 career ideas, including a growing number of Kaupapa Māori occupations that embrace te ao Māori cultural values, skills and knowledge. Tahatū also has a new planning tool that helps users understand and visualise what steps they could take to reach their desired study, training or work goals.

We are developing Tahatū using an incremental delivery model, and over the past year, the focus has been on building the website's infrastructure, tools, and content.

Tahatū's occupation database has doubled from that of careers.govt.nz - increasing from 400 to more than 800 career ideas, including Kaupapa Māori occupations.

We have connected three data sets together (school subjects, qualifications and occupations) in a tool we call Path Finder/Tiro Whetū. It allows users to pick one from the 800 career ideas, and see the most common pathways others have taken (using historical data) to get into that occupation – from school subjects to further education and training. We have also introduced a multi-lingual search function and a way for favourites to be saved in Kete.

One of the most popular tools on careers.govt.nz is Career Quest. This is a quiz to help people identify their interests and connect them to areas of work. We will be updating Career Quest to a new quiz that links to the expanded 800 career ideas.

We are inspiring children with future career options

Inspiring the Future (ItF) is a programme to connect children from ages seven to 13 with volunteer role models from the world of work, in fun and inspiring events that 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 will help address three of the five objectives in the Tertiary Education Strategy (TES):

- › Learner at the centre
- › Barrier free access, and
- › 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 log in to plan and host an ItF event. Schools can select role models in their communities for a physical event or from anywhere in Aotearoa New Zealand for an online event.

Over the last 12 months, as the impacts of COVID-19 on schools lessened, events picked up significantly. Visibility of and word of mouth around ItF meant that role model numbers, events, school uptake, and interest from employers and industry all accelerated.



To date, we have attracted over 2,318 role models to start the sign-up process on our website, with 878 of those completing their criminal record check process and becoming available on the platform for teachers to view and invite to events. So far, 246 schools have signed up (10 percent of schools in Aotearoa New Zealand) and 216 events have been completed, scheduled or drafted. About 8,000 students have been involved in ItF events so far.

We continued our marketing, communications and engagement approach to raise awareness and interest with potential volunteer role models, schools, industry organisations and employers across Aotearoa New Zealand. The ItF marketing campaign was selected as a finalist in the TVNZ-NZ Marketing Awards 2022. These reward great marketing that focuses on essential business disciplines and business benefits.

We have been piloting a new system which allows people who work for approved careers education organisations to create and manage ItF events on our platform, on behalf of schools they work with. We plan to launch this more widely in 2024/25. This will provide significant support for schools to hold ItF events for their students.

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 secondary school students, adult learners and those needing to upskill or retrain, particularly as a result of COVID-19. Influencers include parents, whānau, teachers and career advisors. The campaign also has a focus on Māori, Pacific people, disabled people and women.

Research, carried out since the launch, found that the campaign has achieved substantial reach and gained strong momentum, driving significant engagement and positive shifts in the perception of vocational education and training.

Historically, television has played an important role in the campaign, delivering equitable reach to priority audiences. However, lower campaign spend in 2022/23 meant that this was the first year that the campaign did not have a presence on television. Instead, it focused on advertising through online video and social media.

The campaign continued to see viewership increase month-on-month in 2023. The campaign video has now been watched to completion more than 15.1 million times, with an impressive view-through rate of 69 percent. Social media ads alone have reached more than 2.8 million people and there have been more than 3.3 million interactions with the [vocationnation.govt.nz](https://www.vocationnation.govt.nz) website.



The campaign video has now been watched to completion more than 15.1 million times, with an impressive view-through rate of 69 percent.

Most significantly, the campaign is achieving what it set out to do. Since launching the campaign, we have made great strides across our perception and participation metrics among learners, leading to a significant change in mindset towards VET. When learners have seen the campaign, almost all perception and participation metrics increase compared with those who haven't seen the campaign.

The campaign was able to remain likeable, relevant and credible, despite operating in a volatile, ever-changing environment.

Te pārongo inenga, ahunga hoki

Measures and trend information



Outcome: Build the right skills to succeed

Measure: The system ensures learners are ready for the future

Careers information

Metric	Indicators of progress towards achieving this measure (SPE measure results)		2022/23 Actual	2021/22 Actual	2020/21 Actual	2019/20 Actual
Feedback from New Zealanders on the usefulness of TEC careers information to assist with education and career related decision making	Percentage of people seeking to make a learning or work decision that agree the information and tools provided by TEC assisted that decision	Learning decision	74% (Note 1)	77%	76%	66%
		Work decision	72% (Note 1)	66%	75%	50%

Note 1 – The percentage decrease in 'Learning decision' and the percentage increase in 'Work decision' is likely due to current low unemployment rates across New Zealand, meaning that more people enter the workforce and fewer are in learning, which will reflect information usefulness.

Post-study outcomes

Metric	2022 Actual	2021 Actual	2020 Actual
Percentage of learners who experience positive post study outcomes within the first one to three years of graduation (Note 1)	65.1% (Note 2)	63.6%	63.0%

Note 1 – This new measure shows the percentage of graduates whose income from employment was above 50% of the minimum wage. This is measured one year after qualification completion for Levels 1–7 non-degree and three years for Level 7 degree and above. The measure only includes graduates aged 25 or under at time of qualification completion.

Note 2 – There has been a positive increase over the past three years. This steady increase is likely to be related to the significant increase in the number of work-based learners who by their nature are already in employment.

Outcome: Build the right skills to succeed

Measure: The system provides employers and communities with the skills they need

Work integrated learning

New Measure		2022 Actual	2021 Actual	2020 Actual	2019 Actual
Number of employers and learners involved in work integrated learning (Note 1)	Employers (Note 1)	37,784 (Note 3)	35,601	31,553	30,217
	Learners (Note 2)	149,545 (Note 3)	143,545	128,128	128,423

Note 1 – This new measure will track the number of employers who have arrangements with tertiary education providers to enable work-based learning.

Note 2 – This new measure will track the number of learners who are participating in work-based learning components within their industry training programme or tertiary qualification.

Note 3 – There has been an upward trend for both employers and learners over the past few years. This is likely because of the introduction of the Targeted Training Apprenticeship Fund (TTAF) in July 2020. TTAF funding ceased at the end of December 2022, so we expect a decrease in 2023.

Graduate skills

Measure	Data not available in 2022/23
Employer/industry feedback on relevance and consistency of graduate skills	A new measure was included in the WDC 2024 funding agreements to report on this result. WDCs were asked to report on “The percentage of key industry and Māori sector stakeholders that agree graduates have the relevant skills”. Data for this measure will first be reported in our 2024/25 annual report.



3

Wāhanga tuatoru:
Te whakarite kia takatū
te TEC mō āpōpō

Part three:
Equip TEC for the future



Te whakarite kia takatū
te TEC mō āpōpō

Equip TEC for the future

**To deliver on our strategic intentions
it is essential that we have the right
people, processes and technology**

Equip TEC for the future

Alongside our three external outcomes described in our strategic intentions section, we have a fourth internal-facing outcome – *Equip TEC for the future*. This internal outcome underpins our three external outcomes and, as such, supports the delivery of all of the TES objectives.

We want to be an insight-driven and culturally affirming agency. This means:

- › improving our ways of working together and with others
- › developing our internal skills, capability, capacity and prioritisation processes
- › strengthening partnerships and coordinating effort with education partner agencies and the sector.



Our strategic priority for 2022/23 and beyond

To make the biggest difference for this outcome our focus in the coming years will be on investing and growing our people so we are more learner-centric, equity-minded and culturally affirming.

The TEC has a significant role in the tertiary education system, providing funding, information and guidance to tertiary education organisations, and careers support to learners and their whānau. The TEC needs to manage all of these functions in ways that consider the impact on learner outcomes and avoid inadvertently creating barriers to system-wide equity. That means that the TEC itself needs to develop an intentionally learner-centric focus.

Te whakatutuki i ō mātou herenga ki Te Tiriti me te whakatipu i te kaha ahurea Māori, Moananui-a-Kiwa hoki o ō mātou tāngata

Honouring our Te Tiriti commitments and growing our people's Māori and Pacific cultural capability

Forming partnerships with iwi

Formal partnerships with iwi are one way that the TEC honours its obligations under Te Tiriti. We work with a range of iwi and Māori communities. Work continues to develop stronger connections that lay the foundation for formal TEC Relationship Agreements such as with Te Whānau-ā-Apanui and Whanganui Land Settlement, while work with Ngāi Tahu on the Murihiku Regeneration Accord and Te Hiku Crown Social Accord is well established.

Learning how to carry out our Te Tiriti commitments in our work

The work on embedding TEC's commitment to Te Tiriti o Waitangi has progressed through the development of our tool Te Kākano. This consists of a series of prompt questions which help us assess how to carry out Te Tiriti commitments in our work.

We encourage our people to think about our Te Tiriti commitments as a norm and as part of their core work context, supported by a number of internal processes. Te Pihinga, our Te Tiriti advisory body, continues to support this mahi by providing targeted insights and feedback to specific pieces of work.

Further work on embedding Te Kākano and Te Pihinga, including developing suitable supporting resources, is under way and being led by our Pou Ārahi, our cultural advisor.

We are developing our internal capability

He Marae Tangata is our internal staff development 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.

At the start of this work, we developed a full Capability Framework defining the three capabilities: both for individuals and as an organisation. The capability definitions in this Framework came from our people, through a series of workshops. Collaterals and tools were also developed to support the rollout of the individual capability framework.



Tō mātou ara ki te Waro Kore

Our Carbon Neutral journey

The Government established its Carbon Neutral Government Programme (CNGP) in December 2020 to accelerate emissions reduction in the public sector. This includes, from the 2022/23 financial year onwards, a requirement to report annually our:

- › total annual emissions for the current and base year
- › emissions profile broken down by source/ scope
- › 2024/25 and 2029/30 gross emission reduction targets
- › progress towards our targets compared to base year, and
- › qualitative commentary on results.

We selected 2018/19 for our base year as it was a pre-COVID-19 regular year of emissions. Our gross emissions reduction targets were set in each of the TEC's four key areas (see table opposite).

We have continued to reduce our domestic air travel post COVID-19 as part of our commitment to promote online collaboration in place of travel. This is in line with our carbon emissions reduction plan. We also reduced our corporate car fleet from six in 2018/19 to zero by 2022/23, as well as reducing our floor space. Flexible working means staff can now work from home, further reducing our carbon emissions. We plan to continue reducing emissions in line with our targets.

Description	Category	Scope	2018/19 (tCO2e)	2022/23 (tCO2e)	Reduction (%)	2024/25 Target	2029/30 Target	Commentary
TEC owned vehicles	1	1	12	-				
Accommodation	3	3	11	5				
Domestic air travel	3	3	169	89				
International air travel	3	3	81	86				
Rental cars, taxis and milage claims	3	3	16	12				
Business travel	1 & 3	1 & 3	289	192	34%	21%	42%	2025 target met
Commuting	3	3	153	86				
Working from home	3	3	-	21				
Commuting and working from home	3	3	153	107	30%	21%	42%	2025 target met
Electricity	2	2	55	48				
Transmission and distribution losses	4	3	6	4				
Electricity	2 & 4	2 & 3	61	52	15%	21%	42%	On track
Fresh water	4	3	1	1				
Wastewater	4	3	14	18				
Water	4	3	15	19	-27%	21%	42%	Increased in line with staff
Total emissions (tCO2e)			518	370	29%	21%	42%	2025 target met
Full-time equivalent (FTE) staff			294.2	358.3				
Emissions (tCO2e) per FTE			1.8	1.0				

Our 2018/19 and 2022/23 emissions were independently audited by Toitū on 15 August 2023.

E haere tonu ana te whakapai i tō mātou pakaritanga tūmataiti

We continue to improve our privacy maturity

Each year, we complete the annual Privacy Maturity Self-Assessment set out by the Government Chief Privacy Officer. In 2021, some changes were made to the self-assessment and how maturity is measured. Given this change, we commissioned an independent review of our self-assessment.

The review outlined some recommendations for improvement in our privacy practices, and we have started work to implement them, including a privacy strategy. We continue to prioritise learning and awareness by delivering targeted training and communications to staff.

Our ethics panel scope is expanding to encompass the development of algorithms in our work. As the TEC develops new tools, we are beginning to consider the use of algorithms, including artificial intelligence. It is important that we appropriately consider all the risks associated with algorithm use. The TEC has become a signatory to the Algorithm Charter for Aotearoa New Zealand.



Ko te haumarutanga
ipurangi kei te uho
o tō mātou pakihi

Cyber security is at the core of our business

Over the past two years we have focused on lifting our overall cyber security maturity and have now implemented an ongoing programme of work to ensure our maturity grows to meet evolving cyber security risks. Our work is based around a comprehensive four-tier cyber security assurance framework. These four tiers are based on the National Institute of Standards and Technology cyber security framework and are:

- › **People** – understanding the behaviour of our staff in response to cyber threats and providing training and ongoing awareness of the impact of cyber security to business continuity.
- › **Organisation** – implementing the globally recognised NIST cyber security framework to assess our organisational-wide maturity to guide our investment decisions for enhancing our cyber security posture.
- › **Technical Review/Audit Programme** – ongoing independent technical audit programme of our core platforms and systems.
- › **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 continue to work with other education sector agencies to progress cyber security initiatives and raise awareness across the whole tertiary education sector. As part of this, we have established two advisory groups, one representing larger organisations, and one smaller organisation. This reflects that different approaches are needed to improve cyber security maturity depending on organisational size.

Tā Mātou Mahere Rautaki Pūnaha Mōhiohio

Our Information Systems Strategic Plan

The TEC's future investment in information technology is guided through an Information Systems Strategic Plan (ISSP). The plan presents the TEC's vision for digital, data and technology, while continuing to enable the TEC's core functions of investment, monitoring, learner success and careers system stewardship.

A core pillar of the ISSP is to become more data savvy and improve our use of data in making better, evidence-based decisions. We are progressing this aspect of the ISSP by developing a data strategy that will help us harness our data and deliver insights about the TEC's investments and our operational effectiveness. This will allow us to discover more about the learners and communities we serve.

Te Tāmata Raraunga Pūnaha

Data System Refresh

The TEC is in the process of refreshing its core data collection and data management systems supporting our investment in and monitoring of the tertiary education sector. This work has been initiated to provide a long-term sustainable solution to support the recently introduced Unified Funding System.

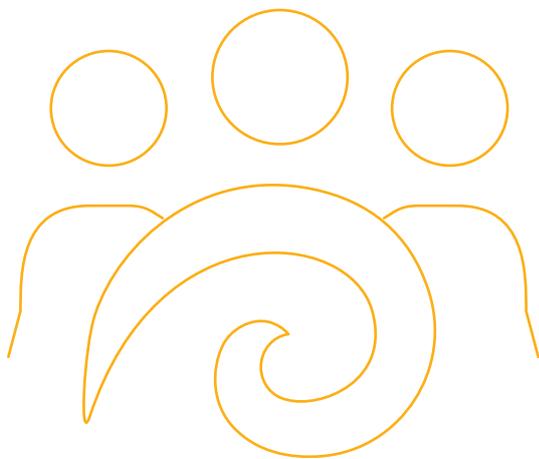
The project will integrate our current disparate data collections into a single platform, as well as replace our existing aged data warehouse with a modern, fit-for-purpose solution. It will also provide an improved set of information products for organisations to analyse their own and overall tertiary investment- and performance-related data. In delivering the solution, we are working collaboratively across the sector, including consulting with a wide range of tertiary education organisations (TEOs), training and student management system vendors, the Ministry of Education and NZ Qualifications Authority.

The project started in April 2023 and we are working towards transitioning TEOs to the new solution from mid-2024 onwards.

Te Hekenga Pokapū Raraunga

Data Centre Migration

During the last year, the TEC successfully migrated its aging data centres to a new hybrid data centre and cloud model. This was a significant step towards reducing the risk of business disruption through technology failure. The hybrid model reduces the need for the TEC to make capital investment and incur ongoing costs in purchasing, operating and maintaining hardware. The move to the cloud opens up the opportunity to further leverage cloud-based solutions and supports the government's direction to adopt public cloud services in preference to traditional information and communications technology systems.



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 part of our organisational governance at both a strategic and operational level. Our approach to risk management is well embedded, with a key focus on these 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 identifying, assessing and controlling risk
- › supporting the pursuit of opportunities through an appropriate balance of risk taking and risk management, and
- › 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 31000).

Over the year we have continued to focus on developing 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, our Executive Leadership Team has continued to review and update the strategic risks, with a focus on deepening and expanding our understanding of our strategic risk profile. We define strategic risk as events that:

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

Strategic risks are included in our regular reporting to Whatitata Whakau – the Risk and Assurance Committee (RAC), with RAC providing regular updates to the Board, including on TEC risk management activities.

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 what our response would be to a significant privacy breach.

The COVID-19 pandemic (which began in 2020) meant we needed to maintain increased business continuity preparedness to ensure we could respond in a timely way to the emergence of new COVID-19 variants, and changes in the COVID-19 Protection Framework. Remote working remains an essential BCP asset for us.

Te whakaiti i te āputa utu ā-ira

Closing the gender pay gap



Outcome: Equip TEC for the future

Measure: Closing the gender pay gap

Result: Our gender pay gap reduced from 13.8% (2021) to 11.7% (2022)

In our Statement of Intent 2022/23 – 2025/26, we stated that we wanted to reduce the gender pay gap from 13.8 percent to 11.8 percent by the end of 2022.

We completed our analysis of our gender and ethnic pay data on 30 June 2022. The analysis was published on our website in December 2022. The overall gender pay gap is 11.7 percent.

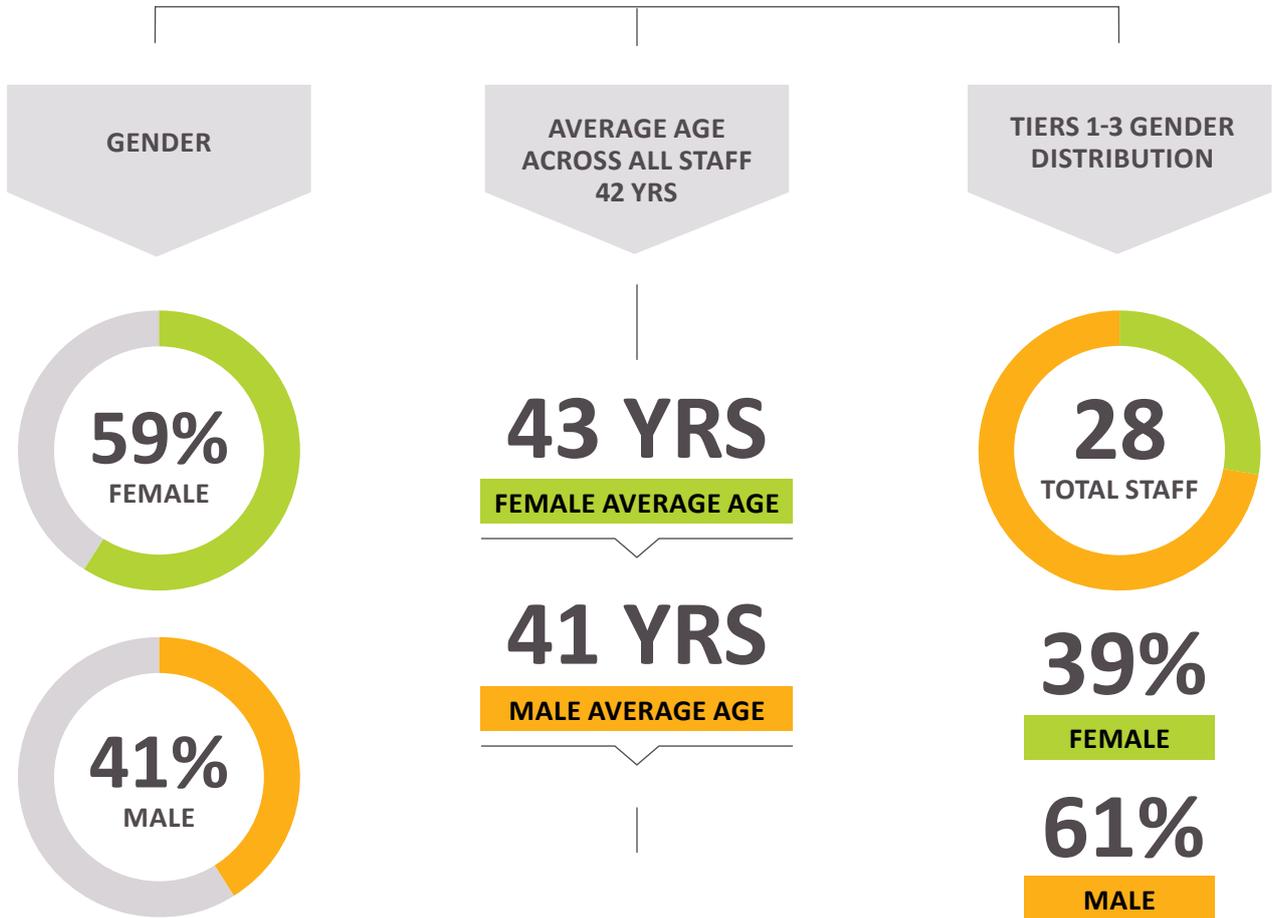
We have developed an action plan to address the pay inequities we found and to ensure that TEC's policies, procedures and systems reflect Kia Toipoto guidance provided by Te Kawa Mataaho, the Public Service Commission. The workforce and pay information and action plan was published on our website in March 2023.

At a strategic level, the TEC needs to focus on improving representation of:

- › women in senior IT roles
- › men in advisory and support roles, and
- › Māori and Pacific people in the organisation.

We will review our pay data once we have applied the Public Sector Pay Adjustment settled on 25 July 2023.

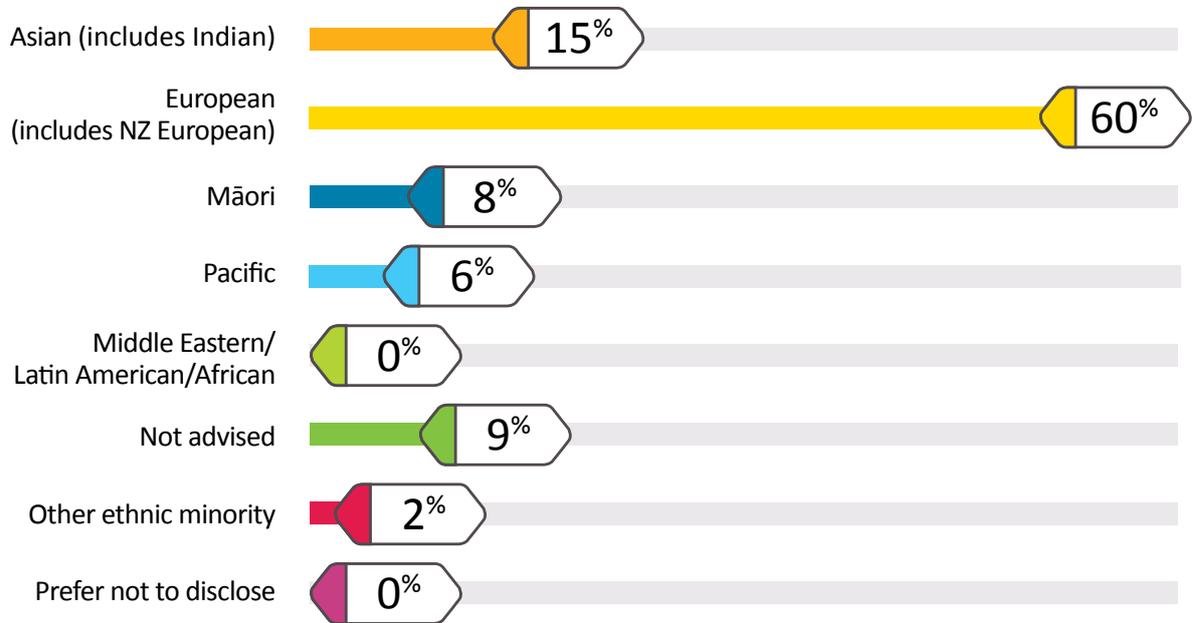
Who we are



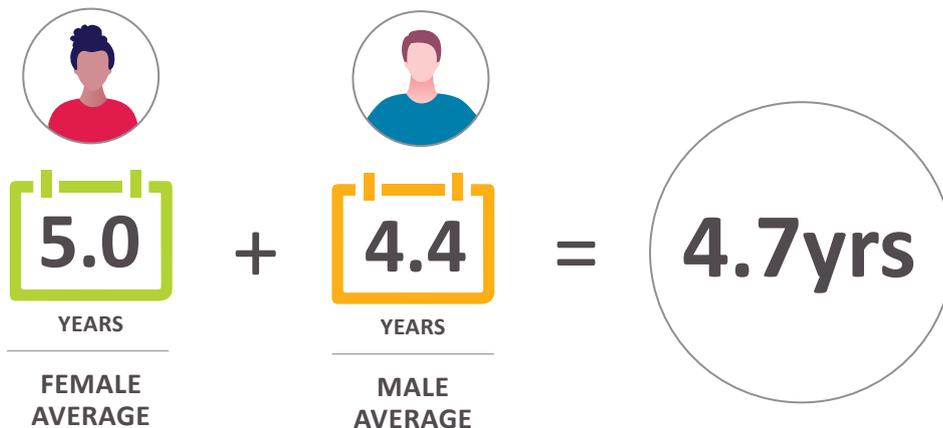
363 TOTAL STAFF

AS AT 30 JUNE 2023

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 preparing 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 2023.

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



Dr. Wayne Ngata
Deputy Board Chair
Tertiary Education Commission

31 October 2023



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

31 October 2023



Pūrongo kaitiro tiro motuhake



Independent auditor's report



To the readers of Tertiary Education Commission's financial statements and performance information for the year ended 30 June 2023

The Auditor-General is the auditor of Tertiary Education Commission (TEC). The Auditor-General has appointed me, Dereck Ollsson, 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 appropriation, of TEC on his behalf.

Opinion

We have audited:

- » the financial statements of TEC on pages 138 to 170, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- » the performance information which reports against TEC's statement of performance expectations and appropriations for the year ended 30 June 2023 on pages 29 to 62 and 90 to 136.

In our opinion:

- » the financial statements of TEC:
 - › present fairly, in all material respects:
 - its financial position as at 30 June 2023; 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
- » TEC's performance information for the year ended 30 June 2023:
 - › presents fairly, in all material respects, 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
 - › presents fairly, in all material respects, for the appropriations:
 - what has been achieved with the appropriations; and
 - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure appropriated or forecast to be incurred; and
 - › complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2023. 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 are 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 are responsible for such internal control as they determine 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 are responsible on behalf of TEC for assessing TEC's ability to continue as a going concern. The Board of Commissioners are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of TEC, or there is no realistic alternative but to do so.

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

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

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

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

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to TEC's statement of performance expectations.

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 performance information which reports against TEC's statement of performance expectations and appropriations.
- » 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 are responsible for the other information. The other information comprises the information included on pages 1 to 28, 63 to 89, 137 and 171 to 185, 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.

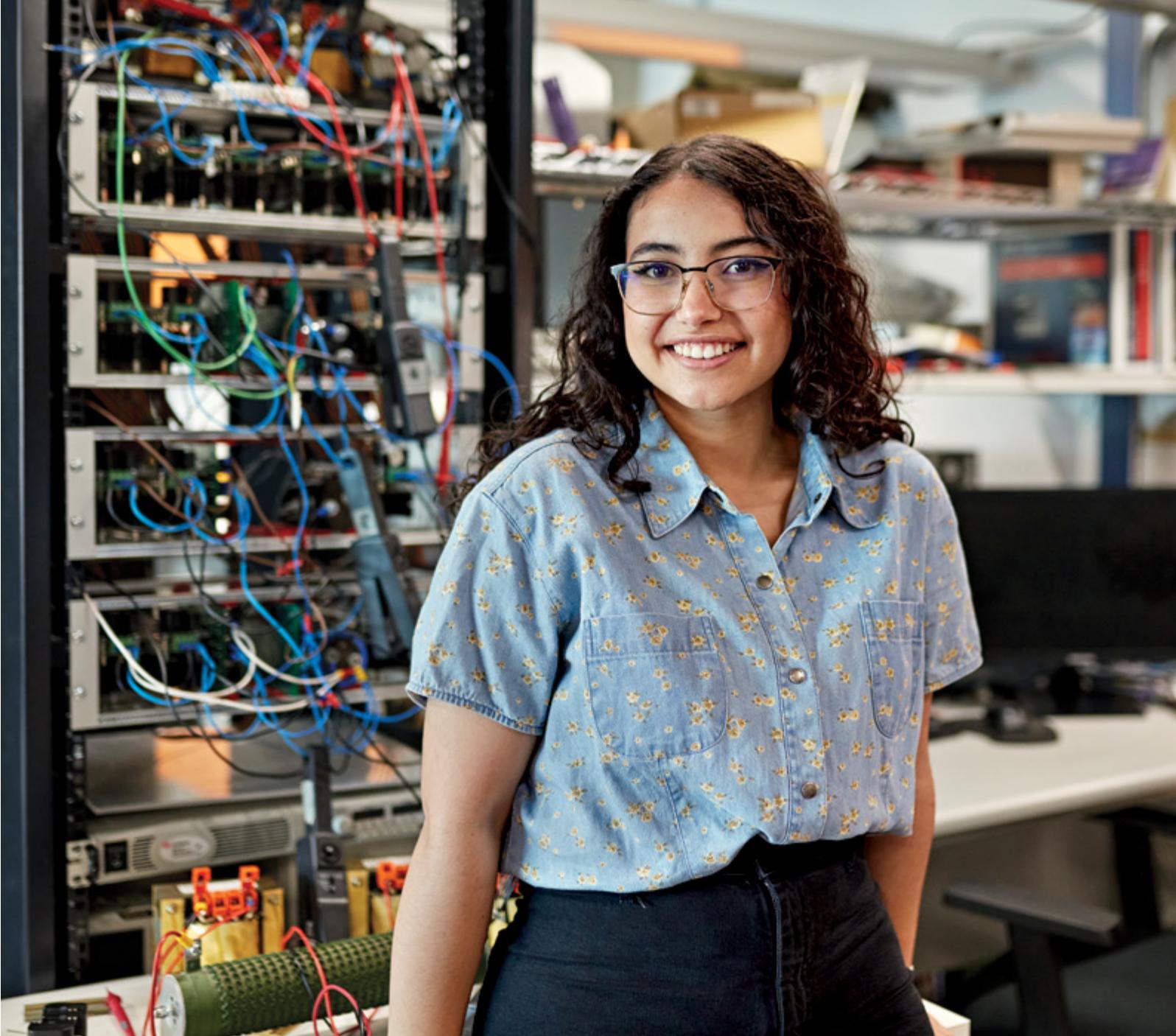
Independence

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* (including International Independence Standards) (New Zealand) (PES 1) 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.



Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



4

Wāhanga tauwhā:
Tauākī whakatutukitanga
Part four:
Statement of performance

Information in this section is presented under *Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48)*



In 2022/23 we spent over **\$3.7 billion**

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

In this section we report on Vote Tertiary Education and Vote Education appropriations that we are responsible for reporting against as set out in the 2022/23 Estimates of Appropriations for Vote Education and Vote Tertiary Education.

We identify the measures that we are responsible for and those that we contribute to through our investment in the tertiary education sector.

The measures that we are responsible for reflect our role in implementing policy.

The measures we contribute to focus on policy outcomes. The results of these measures are impacted by external factors including the economy, unemployment and labour participation rates.



These appropriations support the Tertiary Education and Careers Systems

Administration of and
Support for the Tertiary
Education and Careers Systems

\$82.2 million

Careers System
Online

\$3.0 million

Vocational Education
Data System

\$3.4 million



We use these appropriations
to invest in tertiary education

Tertiary Tuition and Training

\$2,757.9 MILLION

Fees Free
Payments

\$347.1
million

Tertiary Education Research
and Research-Based Teaching

\$315.0
million

Workforce
Development Councils

\$65.0
million

Centres of
Research Excellence

\$49.8
million

Support
for Wānanga

\$42.3
million



Strategic Support for National
and Regional Priorities

\$41.7
million

Secondary-Tertiary
Interface

\$32.6
million

Tertiary Sector / Industry
Collaboration Projects

\$25.8
million

Tertiary Scholarships
and Awards

\$20.3
million

Establishment of a
Single National Vocational
Education Institution

\$15.6
million

University-led
Innovation

\$4.3
million

Ngā Kaupapa hira ā-tahua i whakatinanahia i ēnei tau e toru kua hipa

Budget significant initiatives implemented over the past three years

The tables below set out the significant budget initiatives we have received funding from over the past three years. The Budget significant initiatives identified are related to Tahatū and the Reform of Vocational Education (RoVE).

Tahatū

Policy initiatives	Description	Performance information can be found in these parts of our annual report
<p>Budget 2021</p> <hr/> <p>Careers System Online: Tiro Whetū (Tiro Whetū was renamed Tahatū)</p>	<p>Capital injection to develop Tahatū, an online careers technology system, to support learners and workers to plan and manage their careers.</p>	<div data-bbox="917 1093 1069 1249"> </div> <p>Our Strategic Goals Build the right skills to succeed</p> <p>Tahatū aims to help people confidently make career plans that work for them – Page 58</p> <hr/> <p>Statement of Performance appropriation Careers System Online – Page 98</p>

Reform of Vocation Education (RoVE)

Policy initiatives	Description	Performance information can be found in these parts of our annual report
<p>Budget 2020</p> <p>Reform of Vocational Education – Management of Fiscal Implications</p>	<p>The implementation of RoVE included:</p> <ul style="list-style-type: none"> › Establishing Te Pūkenga – New Zealand Institute of Skills and Technology (NZIST) – bringing together 16 institutes of technology and polytechnics (initially as subsidiaries of NZIST) to create an integrated and collaborative network of vocational education. 	<div style="display: flex; align-items: center;">  <div> <p>Our Strategic Goals An adaptable system</p> <p><i>The delivery phase of the Reform of Vocation Education (RoVE) was completed at the end of 2022 – Page 38</i></p> <p><i>Delivering on the strategic goals of the Unified Funding System (UFS) – Page 39</i></p> <p><i>Embedding RoVE into our business-as-usual investment process – Page 40</i></p> </div> </div>
<p>Budget 2021</p> <p>Ensuring the Viability of Vocational Education and Training</p>	<ul style="list-style-type: none"> › Establishing Workforce Development Councils (WDCs) – industry-governed bodies to ensure vocational education meets the needs of industry and give a stronger voice to Māori business and iwi development. 	
<p>Establishing Workforce Development Councils to Support COVID-19 Recovery</p>	<ul style="list-style-type: none"> › Transitioning Industry Training Organisations’ learners to education providers. 	
<p>Transitional Industry Training Organisation and Workforces Development Council-Led COVID-19 Response Projects</p>	<ul style="list-style-type: none"> › Implementing a Unified Funding System (UFS) for vocational education and training from 1 January 2023 – including the development of a information technology system to support the UFS implementation. 	
<p>Reform of Vocational Education – Transition and Integration Phase</p>		<p>Statement of Performance appropriations</p> <p><i>Vocational Education Data System – Page 99</i></p> <p><i>Establishment of a Single National Education Institution – Page 103</i></p> <p><i>Strategic Support for National and Regional Priorities (UFS strategic component) – Pages 106 and 107</i></p> <p><i>Workforce Development Councils – Page 116</i></p> <p>Tertiary Tuition and Training</p> <ul style="list-style-type: none"> › Overall UFS information – Pages 119 and 121 › UFS learner component – Pages 122 and 123 › UFS delivery component – Page 127 to 135

Te Whāki Whakawākanga

Disclosure of Judgements

The Tertiary Education Commission is committed to meeting the requirements of the *Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48)*. This new standard established requirements for all government agencies to include additional information when reporting service performance information. PBE FRS 48 sets out principles for the selection, measurement, aggregation and presentation of this service performance information.

Paragraph 29 of PBE FRS 48 states that an entity shall clearly identify the service performance information presented in accordance with the standard.

Paragraph 15 (b) says that the service performance information shall provide users with information about what the entity has done during the reporting period in working towards its broader aims and objectives.

Performance information presented in our annual reports details who we are, our statutory functions, and what we have achieved over the reporting period, as we work towards achieving our outcomes.

Our service performance information presented in this annual report has been prepared in accordance with generally accepted accounting practice (GAAP).

Performance information reporting

The who we are and statutory functions sections of our annual report, set the scene for and are a part of our performance information (see page 21).

We report performance information against our:

- › *Statement of Intent 2022/23 – 2025/26 (SOI)* [tec.govt.nz/corporate-publications]; and
- › *Statement of Performance Expectations 2022/23 (SPE)* [tec.govt.nz/corporate-publications].

Progress against our SOI is detailed in: Part two: Our strategic intentions against government priorities. This section sets our strategy, our goals, our strategic priorities, our actions and our achievements (see pages 23 to 62).

Progress against our SPE is detailed in: Part four: Our Statement of Performance. This section details performance measures results and financial performance for the Vote Tertiary Education appropriations where we have responsibility for reporting performance (see pages 83 to 136).

SOI performance measures

This year is the first year that we are reporting on the measures from our new SOI which was published in June 2022. All the measures in our SOI are new measures.

SPE performance measures

We have developed performance measures for each Vote Tertiary Education appropriation where we have reporting responsibilities. Our appropriation measures reflect the TEC's operational and capital funding, and funding provided to tertiary education providers.

- › Our operational appropriations enable us to support the tertiary education and careers systems. Measures include assessments of how effectively the TEC carries out its statutory role, as set out in the Education and Training Act 2020.
- › Our sector-facing appropriations enable us to fund tertiary education providers and invest in all forms of post-secondary school education and training. These measures are focused on sector outcomes. Achievement of desired sector outcomes are influenced by factors external to the TEC.

New measures and retired measures are detailed and disclosed under each appropriation.

We have both financial year and calendar year performance measures in our annual report. This is because the tertiary education organisations (TEOs) we invest in operate on a calendar year basis and report learner achievements results by calendar year (1 January to 31 December). Performance measure table headings are clearly labelled throughout our annual report to show whether the performance measure result relates to a financial or calendar year.

In 2022/23 there was an appropriation restructure as set out in the Vote Tertiary Education Estimates of Appropriations 2022/23. The main structural changes reflected the implementation of the Unified Funding System (UFS) which is part of the Reform of Vocational Education. A new appropriation (Strategic Support for National and Regional Priorities – see pages 106 and 107) was introduced and changes were made to the categories within the Tertiary Tuition and Training (Multi-category Appropriation).

New measures were developed, and existing measures were updated, to reflect the implementation of UFS from 1 January 2023. The new UFS measures were developed in consultation with the Ministry of Education and reflect the policy intent of the three funding components in the UFS: strategic, learner and delivery.

The new UFS 2023 calendar year measures results are not available until the end of the 2023 calendar year. These measures are clearly identified in this annual report and 2023 results will be reported in our 2023/24 annual report. The UFS 2022/23 financial year measure result is reported in this annual report.

We continuously look to improve our measures and reassess their effectiveness to ensure we can accurately assess progress being made against measures with targets and understand any developing trends.

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

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.

We are required by the Education and Training Act 2020 to give effect to the Tertiary Education Strategy (TES) through the investment process.

As part of this, we are responsible for:

- › publishing guidance on the content and criteria for assessment of tertiary education organisations’ (TEOs’) investment plans
- › determining and allocating the amount of funding to TEOs.

The TEC also has a role in building the capability of TEOs as part of giving effect to the TES.



Ngā rohenga pūtea kāwanatanga mā te Mātauranga Matua

Vote Tertiary Education appropriations

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

Administration of and Support for the Tertiary Education and Careers Systems

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

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue				
– Tertiary Education Commission	80,398	79,413	80,398	76,592
– Māori Education Trust (Ministry of Education administered)	109	109	109	109
Contract – Direct Careers Services	448	-	-	2,000
Contract – Pre-purchased English Language Tuition	377	442	442	530
Contract – Cyber Security for the Tertiary Sector	621	-	-	-
Interest	1,404	800	800	330
Other revenue	1,257	1,248	1,248	1,357
Total revenue	84,614	82,012	82,997	80,918
EXPENSES				
Tertiary Education Commission (Note 1)	82,071	86,903	87,888	84,729
Māori Education Trust (Ministry of Education administered)	109	109	109	109
Total expenses	82,180	87,012	87,997	84,838
Surplus/(deficit)	2,434	(5,000)	(5,000)	(3,920)

Revenue was \$2.6 million higher than budget, owing to a further \$0.8 million of Crown funding for our Pacific Work Connect Programme, \$0.4 million from the Ministry of Social Development (MSD) to continue providing direct careers services support before transitioning this function over to MSD at the end of August 2022, \$0.6 million of revenue from the Ministry of Education to complete cyber security work for the tertiary sector, and \$0.6 million of additional interest due to higher interest rates than originally budgeted.

Expenses were \$4.8 million less than budget owing to higher vacancies during the year and the Reform of Vocational Education (RoVE) programme officially closing on 30 June at \$3.8 million under budget. This unused RoVE funding will be retained on our balance sheet to be used in future years.

Note 1 – \$2.2 million of operating expenses were funded by the Vocational Education Data System Crown capital contribution so are not included in this total.



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

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

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

Funding tertiary education organisations (TEOs)

Measure		2022/23 Target	2022/23 Actual	2021/22 Actual
Percentage of payments the TEC makes to tertiary education organisations that are made within agreed timeframes		At least 99.5%	99.98% (Note 1)	99.95%
Percentage of tertiary education organisations that agree that our investment toolkit and plan guidance were very useful to prepare their investment plans	Toolkit	At least 45%	54% (Note 2)	53%
	Plan guidance	At least 52%	55% (Note 2)	50%

Note 1 – Seven out of 33,115 payments were not made within agreed timelines. This was mainly due to being received on time but not sent through for assessment in a timely manner.

Note 2 – This result continues the trend of TEC’s investment products being well-received by TEOs. We continue to focus on clear and coherent products that highlight our key expectations of TEOs.

Growing the capability of TEOs

Measure		2022/23 Target	2022/23 Actual	2021/22 Actual
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 1)	100%
	Face-to-face	At least baseline year result (77%)	77% (Note 2)	77%
Percentage of tertiary education organisations that agree that engagement (face-to-face, phone and email) with TEC was useful	Phone	At least baseline year result (73%)	69% (Note 2)	73%
	Email	At least baseline year result (60%)	63% (Note 2)	60%

Note 1 – We held two governance webinars this year. One was targeted at council members appointed during past 12 months. The other focused on governance for students in leadership roles. A survey is automatically generated and sent to participants before they log out of each webinar. All survey respondents agreed that they gained relevant knowledge to apply to their work. The survey response rate was 72.1%.

Note 2 – We achieved our target of “At least baseline result” for two of our engagement measures. Email engagements increased by 3 percentage points (from 60% to 63%) and face-to-face engagements remain the same at 77%. The result for phone engagements decreased by 4 percentage points (from 73% to 69%).

Our senior Customer Contact Group (CCG) advisors’ interactions were email based (not phone based) during the 2022/23 survey period. This is reflected in the increase in the result for email engagements and will have contributed to the decrease in the phone result. CCG has introduced New Ways of Working, which sees Advisors work across both the voice and email channel as well as on specific queues dependant on role. Our Senior Advisors support primarily the Technical Support and Tertiary Education Funding queues, ensuring that the most complex of queries are handled across channels and in a timely manner.

Measure (trend information only)	2022/23 Actual	2021/22 Actual	2020/21 Actual	2019/20 Actual
New measure Number of tertiary education organisations that are delivering on the milestones in their learner success plans	No data available until 2023 (Note 1)	Not applicable	Not applicable	Not applicable
New measure Number of tertiary education organisations who have a learner success plan that includes a roadmap of tangible goals and milestones	22 (Note 2)	Not applicable	Not applicable	Not applicable

Note 1 – We are in the early stages of this work. Our initial focus is on the Tertiary Education Institutions (TEIs). All TEIs have submitted and started delivering on their Learner Success Plans (LSPs). As 2022 was the first year that LSPs included progress milestones, we will not have a complete picture of who is delivering on their milestones until we have the full 2023 calendar year results. We will report 2023 results in our Annual Report for the year ended 30 June 2024, as shown in our Statement of Performance Expectations 2022/23, page 34 [tec.govt.nz/corporate-publications].

Note 2 – This measure relates to tertiary education organisations (TEOs) that were Plan-required and receive over \$5 million in funding, and mid-cycle tertiary education institutions (all of which had to submit an LSP). All 12 TEIs, and 10 TEOs have LSPs that include a roadmap of tangible goals and milestones.

Disclosure: The survey measure relating to TEOs’ rating of TEC’s information and engagement helping them to support under-served learners was retired and replaced with the new LSP measures above which are more directly related to, and a better measure of, the effectiveness of the learner success work being undertaken with TEOs.

Monitoring the performance of TEOs

Measure		2022/23 Target	2022/23 Actual	2021/22 Actual
Percentage of TEC-funded tertiary education organisations that agree that auditing processes were made transparent and information was accessible throughout the process	Transparent	At least 79%	84% (Note 1)	78%
	Accessible	At least 80%	82% (Note 1)	76%
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	6 out of 10 (Note 2)	8 out of 10

Note 1 – The audit process is continually improved to ensure that providers fully understand what is required of them and the role of the TEC. The initial audit arrangements letter clearly outlines the expected timeframes and the information that needs to be submitted. Auditors will also call to ensure there is no confusion and to clarify any other matters. The audit intends to take a no-surprises approach and a meeting is held before the draft report is issued. The meeting and the draft audit allow the provider to add context or further explain any issues that arise during the audit. The issues are explored before any final report is issued.

Note 2 – The survey rating measures the Minister of Education's satisfaction with the quality of advice on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.

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

Measure	2022/23 Target	2022/23 Actual	2021/22 Actual
Percentage of careers system stakeholders who agree that our online information and tools are useful	At least 86%	86% (Note 1)	81%

Note 1 – In 2022/23, TEC carried out a light-touch version of this survey with a restricted sample (no online panels) compared to the 2021/22 surveys, which were conducted by an external provider and which included online panels. A small increase in percentage of the usefulness of careers.govt.nz is likely due to variance in sampling.

Measure (trend information only)		2022/23 Actual	2021/22 Actual	2020/21 Actual	2019/20 Actual
Percentage of people seeking to make a learning or work decision that agree the information and tools provided by TEC assisted that decision	Learning decision	74% (Note 1)	77%	76%	66%
	Work decision	72% (Note 1)	66%	75%	50%

Note 1 – The percentage decrease in “Learning decision” and the percentage increase in “Work decision” is likely due to current low unemployment rates across New Zealand, meaning that more people enter the workforce and fewer are in learning, which will reflect information usefulness.

Statutory function: Strengthen the connections from education to employment

Measure	2022/23 Target	2022/23 Actual	2021/22 Actual
Key stakeholder satisfaction that the TEC has helped improve connections between schools, TEOs and employers	At least 32%	29% (Note 1)	32%

Note 1 – This result is likely to have been impacted by several external factors, including:

- › increased sector engagement in the education to employment stakeholder space, due to implementation of the Reform of Vocational Education
- › Workforce Development Councils (WDCs) and Regional Sector Leadership Groups engaging with and building their own connections with TEOs and employers/industry, and
- › the introduction of Vocational Pathways Advisors from the WDCs and Education to Employment Brokers (funded by the Ministry of Social Development and others).

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

Measure	2022/23 Target	2022/23 Actual	2021/22 Actual
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 (Note 1)	8 out of 10

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

Te Pūnaha ā-Tuihono mō Ngā Aramahi

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.

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
Crown capital contribution	2,000	2,000	2,000	4,500
Total expenses	2,995	2,000	2,000	6,260
Appropriation under/(over) spend	(995)	-	-	(1,760)

This appropriation ran from 2020/21 to 2022/23 and totalled \$15 million. We fully spent the appropriation during 2022/23. Any further Tahatū costs were funded from our balance sheet.

This appropriation links to these Tertiary Education Strategy objectives



Barrier-free access



Learners at the centre



Quality teaching
& leadership



Future of learning
& work



World-class inclusive
public education

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

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

Measure	2022/23 Target	2022/23 Actual	2021/22 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	Achieved (Note 1)	Not achieved

Note 1 – Several iterations of the website were released into production during the past year. These were used for user pilots, and more of these pilots are planned as additional functionality becomes available. The programme has been extended to be completed by 31 March 2024, with a national release planned for later in the first half of calendar year 2024. It is on track to meet these dates.

Pūnaha Raraunga Mātauranga Ahumahinga

Vocational Education Data System

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

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
Crown capital contribution	-	7,850	-	1,000
Total expenses	3,407	7,850	1,000	-
Appropriation under/(over) spend	(3,407)	-	(1,000)	1,000

This appropriation runs from 2021/22 to 2023/24 and totals \$13.85 million. Any timing differences between the Crown capital contribution received and expenditure incurred are funded from our balance sheet.

This appropriation links to these Tertiary Education Strategy objectives

 Barrier-free access	 Learners at the centre	 Quality teaching & leadership	 Future of learning & work	 World-class inclusive public education
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(R) TEC is responsible for the result of this measure

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

Measure	2022/23 Target	2022/23 Actual	2021/22 Actual
The development of information technology capability to support the implementation of the unified funding system for vocational education is progressing	Achieved	Achieved (Note 1)	Achieved

Note 1 – The tactical solution was completed on time with the Unified Funding System (UFS) funding released to the sector in January 2023 as planned. Funding for the implementation of the strategic solution was approved by the Board of Commissioners in March 2023. Development is ongoing and scheduled for completion in August 2024.

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

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

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

The following sections show the amount we spent through each appropriation in 2022/23 and the measures we will use to track progress towards achieving the intention of each appropriation.

We contribute to, but do not control the results of the sector output measures we report on. Achievement of the desired trend shifts we are working towards is also influenced by the work of other government agencies and the state of the economy and labour market.

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



Ngā rohenga pūtea kāwanatanga mā te Mātauranga Matua

Vote Tertiary Education appropriations

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.

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
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)	-	-	-	-

This appropriation links to these Tertiary Education Strategy objectives



Barrier-free access



Learners at the centre



Quality teaching
& leadership



Future of learning
& work



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Measure	2022/23 Target	2022/23 Actual	2021/22 Actual
All Centres of Research Excellence show progress towards achieving the impacts stated in their Impact Statements	Achieved	Achieved (Note 1)	Achieved
Total number of doctoral students completing qualification during the current funding period	At least baseline year result (255)	192 (Note 2)	255

Note 1 – All ten Centres of Research Excellence, just 18 months into their seven-and-a-half-year research programmes, are on track to achieving the impacts stated in their Impact Statements. The two new CoREs (*Coastal People: Southern Skies* and *Pūtahi Manawa – Healthy Hearts for Aotearoa New Zealand*) have made excellent progress in setting up research programmes and in involving their respective communities.

Note 2 – The first six months of the base year included two mature but retiring CoREs that had their funding extended by six months (until June 2021), as a result of delays caused by COVID-19. These two CoREs were strong contributors to the PhD count in 2021 and contributed to a high baseline. Conversely, the two new CoREs that replaced them are still in the early stages of their PhD programmes. While the number of doctoral students completing qualifications in 2022 is still impressive, at 192 it is expected to rise in the future.

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.

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue	15,600	16,000	16,000	16,000
Total revenue	15,600	16,000	16,000	16,000
Total expenses	15,600	16,000	16,000	16,000
Surplus/(deficit)	-	-	-	-

This appropriation links to these Tertiary Education Strategy objectives

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

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

Ngā Utunga Kore Utu

Fees Free Payments

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

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue				
Fees-free Payments	234,571	387,135	387,135	238,746
Targeted Training and Apprenticeship Fund	112,493	-	-	254,813
Total revenue	347,064	387,135	387,135	493,559
EXPENSES				
Fees-free Payments	234,571	276,088	387,135	238,746
Targeted Training and Apprenticeship Fund	112,493	111,047	-	254,813
Total expenses	347,064	387,135	387,135	493,559
Surplus/(deficit)	-	-	-	-

Revenue and expenses were \$40 million below budget, owing to lower student numbers. Our budget is set to ensure that sufficient funding is available for TEC to pay providers.

Revenue and expenses decreased from last year. The Targeted Training and Apprenticeship Fund ended in December 2022, leading to a reduction in expenditure between the years.

This appropriation links to these Tertiary Education Strategy objectives



Barrier-free access



Learners at the centre



Quality teaching
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Future of learning
& work



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Fees Free – All learners

Measure	2022 Target	2022 Actual	2021 Actual
Average fees-free payments (including GST) received by first-year Fees Free learners (Note 1)	At least \$6,637	\$6,795.98 (Note 2)	\$6,643

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

Note 2 – Average fees-free payments received by first-year Fees Free learners is up on the previous year and past the target. This is due to increasing tuition costs and lower-cost courses being covered by Targeted Training and Apprenticeship Fund (TTAF).

Measure (trend information only)	2022 Actual	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Number of fees-free first-time learners	33,852 (Note 1)	38,717	42,868	47,087	47,019

Note 1 – Total number of first year Fees Free learners is down on previous years due to this being the final year of TTAF and a drop in learner enrolments across the tertiary sector.

We also monitor the integrity of the Fees Free scheme

As well as monitoring funded organisations, we monitor provider and learner behaviour to maintain the integrity of the Fees Free scheme. To date, our monitoring has identified over 908 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. In 2022/23 we completed 37 investigations, which resulted in 18 written warnings and 13 further cautions.

Targeted Training and Apprenticeships

Measure	2022 Target	2022 Actual	2021 Actual
Number of learners in Targeted Training and Apprenticeship Fund-eligible apprenticeships (Notes 1 and 2)	At least 77,595	83,305	77,835

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

Note 2 – TTAF supported learners to undertake vocational education and training without fees from 1 July 2020 to 31 December 2022.

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

Strategic Support for National and Regional Priorities

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

This new appropriation includes the strategic element of the Unified Funding System (UFS) for vocational education, which came into effect on 1 January 2023. The UFS is part of the Reform of Vocational Education. An initial performance measure was included for 2022/23 while indicating the more substantive measures proposed for the 2023 calendar year.

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue				
National and regional skills priorities	22,355	19,772	22,018	-
Programme Development and Maintenance Fund	17,819	18,244	19,008	-
Support growth and proficiency of te reo Māori (Level 5 and above)	1,500	1,500	1,500	-
Total revenue	41,674	39,516	42,526	-
EXPENSES				
National and regional skills priorities	22,355	19,008	22,018	-
Programme Development and Maintenance Fund	17,819	19,008	19,008	-
Support growth and proficiency of te reo Māori (Level 5 and above)	1,500	1,500	1,500	-
Total expenses	41,674	39,516	42,526	-
Surplus/(deficit)	-	-	-	-

There are no comparative figures as this appropriation commenced in January 2023.

This appropriation links to these Tertiary Education Strategy objectives



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Measure	2022 Target	2022 Actual	2021 Actual
New measure Regional and national skills priorities, based on advice from Workforce Development Councils (WDCs), Regional Skills Leadership Groups (RSLGs) and iwi Māori, are available to inform investment decisions (Note 1)	Achieved	Achieved (Note 2)	Not applicable

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

Note 2 – WDC and RSLG advice has informed the investment priorities published in Plan Guidance and Supplementary Plan Guidance for investment for 2024. WDC and RSLG advice is developed from engagement with a range of stakeholders including Māori and iwi. This advice supports TEC decision-making for investment decisions for tertiary provision as well as the initiatives funded through the strategic component (based on the National and Regional Skill Priorities).

C TEC contributes to the result of these measures

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

Note 1 – The Unified Funding System was implemented from 1 January 2023. The first year of reporting against these measures will reflect 2023 calendar year funding received by Te Pūkenga and private training establishments. These measures will be reported for the first time in our 2023/24 Annual Report, which will reflect 2023 calendar year measure results, as shown in our Statement of Performance Expectations 2022/23, page 49 [tec.govt.nz/corporate-publications].

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

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

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

Te Tautoko i Ngā Wānanga

Support for Wānanga

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

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue				
Support for Wānanga				
TEC administered	42,325	17,000	36,325	18,000
Ministry of Education administered	-	-	-	12,000
Wānanga Research Capability Fund	-	6,000	6,000	6,000
Total revenue	42,325	23,000	42,325	36,000
EXPENSES				
Support for Wānanga				
TEC administered	42,325	17,000	36,325	18,000
Ministry of Education administered	-	-	-	12,000
Wānanga Research Capability Fund	-	6,000	6,000	6,000
Total expenses	42,325	23,000	42,325	36,000
Surplus/(deficit)	-	-	-	-

Revenue and expenses were \$19 million higher than budget following increases to the budget during the year. The original budget only covered 6 months of funding. Increases were funded from a contingency that was previously established in anticipation of funding decisions being agreed in 2022/23.

This appropriation links to these Tertiary Education Strategy objectives



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Measure	2022 Target	2022 Actual	2021 Actual
Wānanga annual reports are reviewed and appropriate action is taken (Note 1)	Achieved	Achieved (Note 2)	Achieved

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

Note 2 – Annual reports received and approved.



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.

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue				
Performance-Based Research Fund	315,000	315,000	315,000	315,000
- Quality Evaluation element	173,250	173,250	173,250	173,250
- Research Degree Completions element	78,750	78,750	78,750	78,750
- External Research Income element	63,000	63,000	63,000	63,000
Total revenue	315,000	315,000	315,000	315,000
EXPENSES				
Performance-Based Research Fund	315,000	315,000	315,000	315,000
- Quality Evaluation element	173,250	173,250	173,250	173,250
- Research Degree Completions element	78,750	78,750	78,750	78,750
- External Research Income element	63,000	63,000	63,000	63,000
Total expenses	315,000	315,000	315,000	315,000
Surplus/(deficit)	-	-	-	-

This appropriation links to these Tertiary Education Strategy objectives



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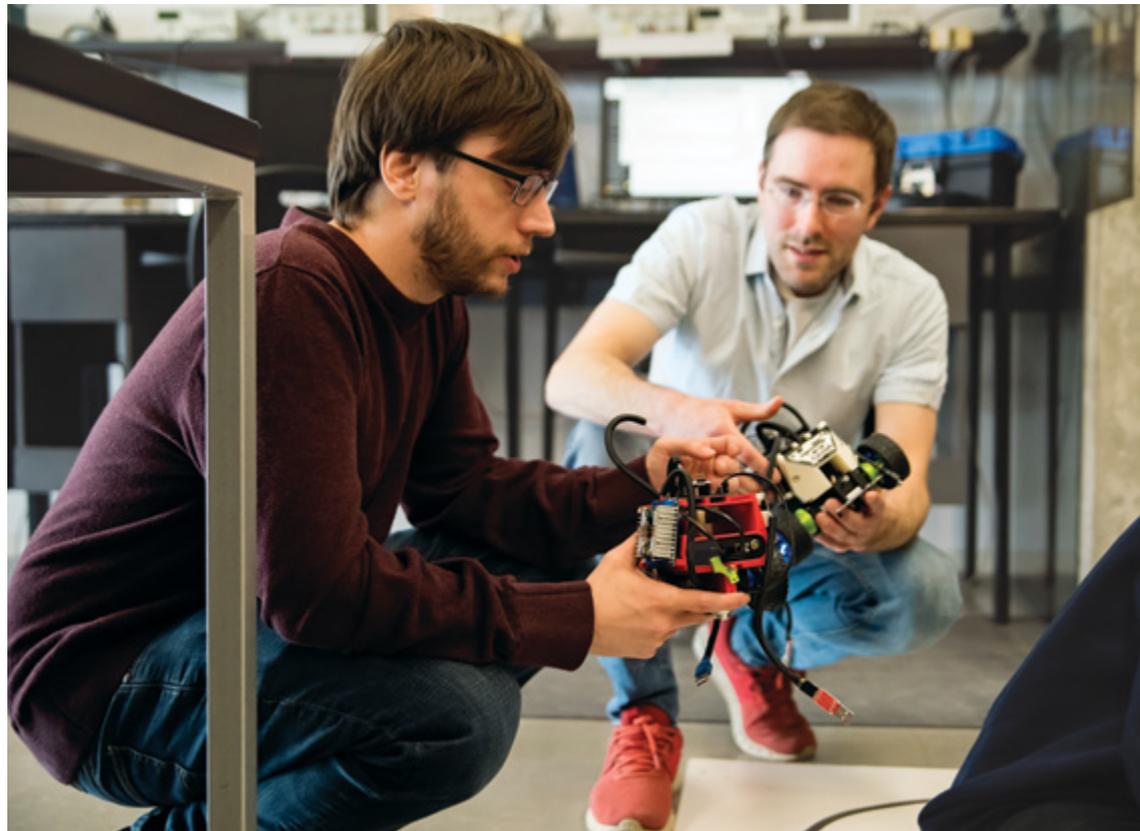
Performance-Based Research Fund

Measure	2022 Target	2022 Actual	2021 Actual
Research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions) (Note 1)	Previous year actual $\pm 5\%$	3,866 (0.8% increase)	3,836
Percentage increase in amount of external income for PBRF-eligible providers (Note 2)	3-5%	4.7% (Note 3)	8.58%

Note 1 – Research degree completions is a measurement of the number of PBRF-eligible postgraduate research-based degrees completed in participating TEOs, assessed on an annual basis.

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

Note 3 – We have not received all audited external research income (ERI) figures yet, therefore the final ERI result is subject to change.



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.

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue				
ACE in Communities (Development & Delivery)	1,200	1,200	1,200	1,538
Centres of Vocational Excellence	5,000	5,000	5,000	5,000
Centres for Asia-Pacific Excellence	10,000	10,000	10,000	10,000
ECE Qualification Translation	-	-	-	104
Māori and Pasifika Trades Training (Brokerage)	1,463	3,034	2,494	1,445
Māori and Pasifika Trades Training (Consortium)	4,458	4,961	5,561	4,889
National Centre for Tertiary Teaching Excellence	3,556	3,556	3,556	3,556
Qualification Development Fund	164	-	-	591
Workforce Development Councils / Transitional Industry Training Organisations COVID Response Projects Fund	(59)	-	-	10,798
Workforce Development Council Establishment Fund	-	-	-	3,850
Quality Teaching Agenda (Ministry of Education administered)	-	2,520	1,020	1,044
Total revenue	25,782	30,271	28,831	42,815

EXPENSES				
ACE in Communities (Development & Delivery)	1,200	1,200	1,200	1,538
Centres of Vocational Excellence	5,000	5,000	5,000	5,000
Centres for Asia-Pacific Excellence	10,000	10,000	10,000	10,000
ECE Qualification Translation	-	-	-	104
Māori and Pasifika Trades Training (Brokerage)	1,463	3,034	2,494	1,445
Māori and Pasifika Trades Training (Consortium)	4,458	4,961	5,561	4,889
National Centre for Tertiary Teaching Excellence	3,556	3,556	3,556	3,556
Qualification Development Fund	164	-	-	591
Workforce Development Councils / Transitional Industry Training Organisations COVID-19 Response Projects Fund	(59)	-	-	10,798
Workforce Development Council Establishment Fund	-	-	-	3,850
Quality Teaching Agenda (Ministry of Education administered)	-	2,520	1,020	1,044
Total expenses	25,782	30,271	28,831	42,815
Surplus/(deficit)	-	-	-	-

Revenue and expenses decreased by \$17 million from last year. This was owing to the completion of programmes in 2021/22 funded by the Workforce Development Councils / Transitional Industry Training Organisations COVID Response Projects Fund and the Workforce Development Council Establishment Fund.

This appropriation links to these Tertiary Education Strategy objectives



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Centres of Asia and Pacific Excellence

Measure	2022 Target	2022 Actual	2021 Actual
All Centres of Asia-Pacific Excellence show progress towards achieving delivery of their specific long-term outcomes as stated in their Outcomes Statements (Note 1)	Achieved	Achieved (Note 2)	Achieved
Total number of activities that supported business to develop skills or capability to enhance their effectiveness as participants in the Asia-Pacific market	At least 2021 baseline year result (81)	84 (Note 3)	81
Total number of individuals participating in CAPE business and educational initiatives that support New Zealand's effectiveness in the Asia-Pacific market	At least 2021 baseline year result (5,920)	7,263 (Note 4)	5,920

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

Note 2 – All three CAPEs are effectively helping New Zealanders to understand, engage, and do business with North and South-East Asia, and Latin America. They offer programmes that strengthen global citizenship and Asia-Pacific language skills in New Zealanders and increase cultural competence and market skills in New Zealand businesses.

Note 3 – This is a similar figure to last year, as the CAPEs have largely settled on their suite of programmes.

Note 4 – The significant increase in participants reflects the increasing effectiveness of CAPEs as they mature.

He Auahatanga ka arahina e ngā Whare Wānanga

University-led Innovation

This appropriation is intended to help Aotearoa 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.

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue	4,348	4,359	4,359	8,254
Total revenue	4,348	4,359	4,359	8,254
Total expenses	4,348	4,359	4,359	8,254
Surplus/(deficit)	-	-	-	-

This appropriation links to these Tertiary Education Strategy objectives



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Measure	2022 Target	2022 Actual	2021 Actual
Entrepreneurial Universities’ annual reports are reviewed and appropriate action is taken (Notes 1 and 2)	Achieved	Achieved (Note 3)	Achieved

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

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

Note 3 – Reporting targets were met and any associated milestone payments actioned. All Annual Reports were assessed as ‘acceptable’. Four of the nine Entrepreneurial Universities programmes have finished and only two are still receiving payments from the fund. As the Entrepreneurial Universities initiative winds down, it has met the intended purpose of stimulating 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.

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue	65,000	65,000	65,000	50,150
Total revenue	65,000	65,000	65,000	50,150
Total expenses	65,000	65,000	65,000	50,150
Surplus/(deficit)	-	-	-	-

This appropriation links to these Tertiary Education Strategy objectives



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Measure	2022/23 Target	2022/23 Actual	2021/22 Actual
All Workforce Development Councils have approved and funded Operational Plans in place by 30 June each year (Note 1)	Achieved	Achieved (Note 2)	Achieved

Note 1 – Approved Operational Plans set out how each Workforce Development Council (WDC) plans to undertake key functions, industry engagement and strategic planning. We will continue to develop and add to this measure in the future.

Note 2 – The WDCs submitted their draft Operational Plans for 2023/24 funding at the end of March 2023, followed by final Operational Plans at the end of April 2023. On 23 May 2023, the TEC Board approved 2023/24 funding for all six WDC Operational Plans.

Disclosure: The wording of this measure has been amended slightly to enhance comparability. The original 2021 measure wording referred to plans being in place by 30 June 2021. The 2022 amended wording refers to plans being in place by 30 June each year.

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.

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue				
Tertiary Teaching Awards	200	200	200	200
Trainee Medical Intern Grant	14,478	14,604	14,604	14,493
Ministry of Education administered awards	5,598	5,609	5,609	4,854
Total revenue	20,276	20,413	20,413	19,547
EXPENSES				
Tertiary Teaching Awards	200	200	200	200
Trainee Medical Intern Grant	14,478	14,604	14,604	14,493
Ministry of Education administered awards	5,598	5,609	5,609	4,854
Total expenses	20,276	20,413	20,413	19,547
Surplus/(deficit)	-	-	-	-

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

This appropriation links to this Tertiary Education Strategy objective



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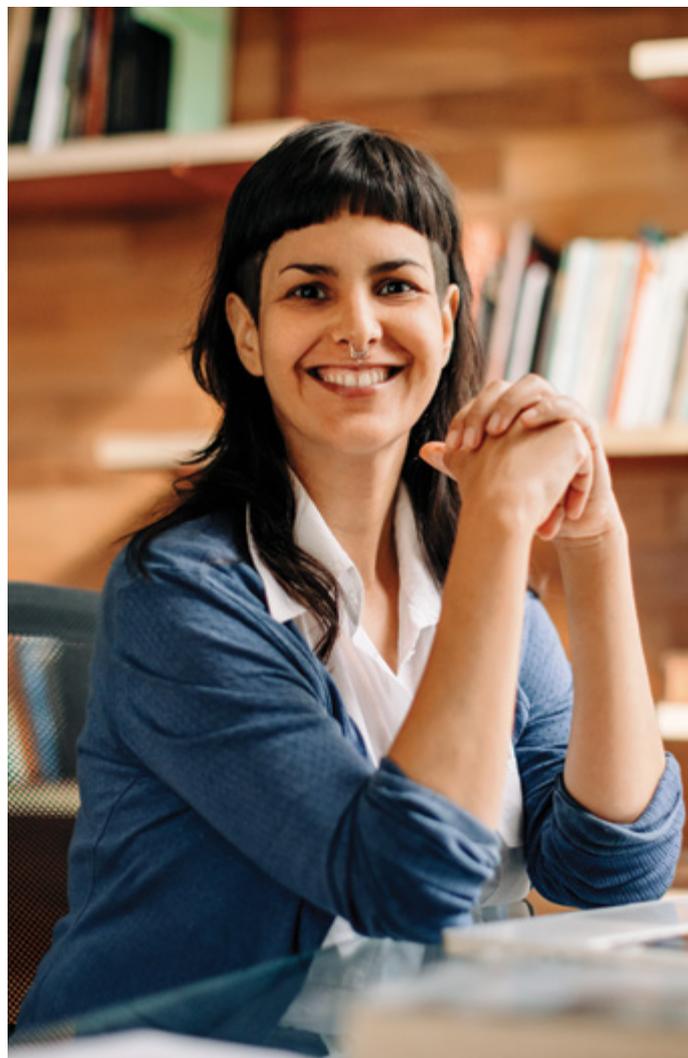
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External factors continue to affect learner enrolments and outcomes

In 2022, the number of learners undertaking tertiary education was lower than in 2021 and reduced again into 2023. Declines have not occurred in every TEO, with some TEOs managing to continue to increase enrolments in their institutions.

We meet frequently with student unions and representatives and understand that there is a range of causes for decline in learner enrolments and learners not completing their study. We understand that learners have experienced significant pressure through the cost-of-living crisis, and some will have chosen to work rather than study, or study part time so they can continue to work. Learner choice will also have been affected by the cost of accommodation in some locations, for example, Wellington.

Dedicated additional funding for learners that was introduced during the COVID-19 lockdowns has ended, and this will have an impact over time on the number of people who are able to undertake training. The Targeted Training and Apprenticeship Fund (TTAF) ceased at the end of 2022. Many learners who received support from TTAF will be entitled to Fees Free, which will enable them to continue their training without paying fees. The Apprenticeship Boost Initiative will continue until the end of 2024, supporting employers to employ and train apprentices.



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 three categories:

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

The Vote Tertiary Estimates of Appropriation 2022/23 appropriation structural changes included changes to the categories within this MCA. The changes give effect to the implementation of the Unified Funding System (UFS) for vocational education, part of the Reform of Vocational Education (RoVE). The new funding arrangements came into effect from 1 January 2023.

These changes consolidated funding for provider-based tuition at Levels 3–7 (non-degree) on the New Zealand Qualifications Framework and funding for all industry training (previously in a separate category). The purpose for these changes is to create a stronger, more unified and sustainable vocational education system that delivers more effectively the skills that learners, employers and communities need to thrive.

The MCA revenue and expenditure tables reflect the new appropriation structure.

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue				
Access to and Success in Tertiary Education	90,331	73,229	91,169	69,405
Foundation and Community Education	271,322	292,741	274,556	221,367
Tertiary Education: Qualification Delivery	2,426,218	2,514,393	2,514,393	2,490,153
Total revenue	2,787,871	2,880,363	2,880,118	2,780,925
EXPENSES				
Access to and Success in Tertiary Education	85,331	73,229	91,169	69,405
Foundation and Community Education	251,322	292,741	274,556	221,367
Tertiary Education: Qualification Delivery	2,421,218	2,514,393	2,514,393	2,490,153
Total expenses	2,757,871	2,880,363	2,880,118	2,780,925
Surplus/(deficit)	30,000	-	-	-

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

This appropriation links to these Tertiary Education Strategy objectives



Barrier-free access



Learners at the centre



Quality teaching
& leadership



Future of learning
& work



World-class inclusive
public education

© TEC contributes to the result of this measure

Overall measure

Measure		2022 Target	2022 Actual	2021 Actual
New measure Tertiary course completion rate	Course completion rate for provider-based learners (Note 1)	At least 81.2%	81.2% (Note 2)	82.8%
	Credit achievement rate for work-based learners (Note 3)	At least 66.6%	67.0% (Note 2)	68.1%

Note 1 – The 2022 calendar year result for provider-based learners reflects course completion by Student Achievement Component and Youth Guarantee-funded learners. From the 2023 calendar year onwards, results will reflect the new Unified Funding System (UFS).

Note 2 – Learner results rates are likely to have been impacted by several external factors including:

- › New Zealand went through the Red and Orange settings of the COVID-19 Protection Framework in early 2022, which restricted face-to-face delivery in parts of the country.
- › Inflation and the cost of living continued to rise significantly throughout 2022, putting financial pressure on learners and their families especially in vulnerable communities. Learners in vulnerable communities may have prioritised their health and supporting their families and communities over their learning commitments.

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

Disclosure: The old overall measure was retired as it was no longer relevant after the appropriation restructure and inclusion of UFS measures. It was replaced with the new UFS tertiary course completion rate measures above.

Access to and Success in Tertiary Education

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

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

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue				
Equity Level 7 and above (degree)	15,673	15,720	15,720	15,800
Learner funding for levels 3-7 (non-degree) and industry training	65,186	47,593	65,593	23,308
Hardship Fund for Learners	-	-	-	22,335
Māori and Pasifika Trades Training (Top-ups)	9,472	9,916	9,856	7,962
Total revenue	90,331	73,229	91,169	69,405
EXPENSES				
Equity Level 7 and above (degree)	15,673	15,720	15,720	15,800
Learner funding for levels 3-7 (non-degree) and industry training	62,186	47,593	65,593	23,308
Hardship Fund for Learners	-	-	-	22,335
Māori and Pasifika Trades Training (Top-ups)	7,472	9,916	9,856	7,962
Total expenses	85,331	73,229	91,169	69,405
Surplus/(deficit)	5,000	-	-	-

Revenue was \$17 million higher than budget and expenses were \$12 million higher than budget. This followed an \$18 million budget increase for Learner funding for Levels 3–7 (non-degree) and industry training from unallocated Youth Guarantee funding (part of Foundation Education in the Foundation and Community Education category of the multi-category appropriation). \$5 million of revenue was drawn onto our Balance Sheet to help fund the forecast increased demand in 2024 and 2025.

Ⓒ TEC contributes to the result of these measures

Māori and Pacific Trades Training

Measure	2022 Target	2022 Actual	2021 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 35%	44.61% (Note 1)	35%

Note 1 – Consortia are led by, or partnered with, iwi or Pacific groups. This results in in-depth knowledge of Māori and Pacific learner barriers and culturally appropriate interventions. Consortium funding also gives consortia considerable flexibility to react to specific learner needs and, as a result, reduce barriers for learners more effectively. Lastly, the consortium model ensures close and ongoing relationships with employers and work-based learning organisations, which contribute toward successful outcomes.

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

Measure	2022 Target		2022 Actuals	
	Enrolment	Parity gap	Enrolment	Parity gap
New measure				
Proportion of Māori and Pacific full-time equivalent learners at levels 3-7 (non-degree) enrolled in the work-based modes of delivery (including pathways to work) (Notes 1 and 2))				
Māori	New measure in 2023			
Non-Māori and non-Pacific	New measure in 2023		New measure in 2023	
Pacific	New measure in 2023			
Non-Māori and non-Pacific	New measure in 2023		New measure in 2023	

Note 1 – This new measure reflects the learner component of the UFS which came into effect on 1 January 2023 and is part of RoVE. This measure combines the enrolment results for two modes of delivery:

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

Note 2 – The UFS was implemented on 1 January 2023. The first year of reporting against these UFS learner component measures will reflect 2023 calendar year learner component funding received by providers. These measures will first be reported against in the TEC's 2023/24 Annual Report, which will report on 2023 calendar year measure results, as shown in our Statement of Performance Expectations 2022/23, page 63 [tec.govt.nz/corporate-publications].

Foundation and Community Education

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

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue				
Adult and Community Education	28,343	28,385	28,300	25,964
Literacy and Numeracy Provision	38,546	39,559	39,559	29,410
English for Speakers of Other Languages	19,808	20,173	20,173	15,123
Emergency Management Pool	1,346	1,636	1,536	1,077
Gateway	22,342	23,011	23,011	19,218
Foundation Education	160,937	179,977	161,977	130,575
Total revenue	271,322	292,741	274,556	221,367
EXPENSES				
Adult and Community Education	28,343	28,385	28,300	25,964
Literacy and Numeracy Provision	29,546	39,559	39,559	29,410
English for Speakers of Other Languages	15,808	20,173	20,173	15,123
Emergency Management Pool	1,346	1,636	1,536	1,077
Gateway	20,342	23,011	23,011	19,218
Foundation Education	155,937	179,977	161,977	130,575
Total expenses	251,322	292,741	274,556	221,367
Surplus/(deficit)	20,000	-	-	-

Revenue was \$21 million below budget and expenses were \$41 million below budget owing to lower student numbers. \$20 million of revenue was drawn onto our Balance Sheet to help fund the forecast increased demand in 2024 and 2025.

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Literacy and numeracy

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

Type	2022 Target	2022 Actual	2021 Actual
Intensive literacy and numeracy	At least 58.53%	55.20% (Note 2)	59.5%
Workplace Literacy and Numeracy (tertiary education organisation – led)	At least 70.17%	50.10% (Note 2)	70.2%
English for Speakers of Other languages	At least 91.25%	91.05% (Note 3)	91.3%

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

Note 2 – Attendance was affected by:

- › increased presence and awareness of cold/flu in the community over the past two years, as well as COVID-19, which contributed to:
 - an enhanced reluctance to turn up for work/school if sick
 - an enhanced reluctance to be around those who are showing cold/flu symptoms
- › a tight labour market, leading to a challenge for employers in pulling people 'off the line' for development, and/or being unable to backfill them.

Note 3 – The beginning of 2022 saw New Zealand go through the Red and Orange settings of the COVID-19 Protection Framework, and this impacted face-to-face delivery in parts of the country.

Adult and Community Education

Measure	2022 Target	2022 Actual	2021 Actual
Number of Adult and Community Education learner hours	At least 973,788	1,032,857 (Note 1)	978,152

Note 1 – TEC has continued to support Adult and Community Education providers, supporting several additional funding requests throughout 2022.

Youth Guarantee

Measure	2022 Target	2022 Actual	2021 Actual
Percentage of Youth Guarantee learners completing qualifications at levels 2 or 3	At least 62%	62% (Note 1)	62%

Note 1 – Youth Guarantee (YG) learners typically require a higher level of support, as many learners enrolling in a YG qualification are NEETs (not in employment, education or training). Therefore, there is additional financial support provided to tertiary education organisations (TEOs) for delivering to YG learners specifically, in the way of a pastoral care subsidy (\$523 per equivalent full-time learner (EFTS)) and transport assistance subsidy (\$837 per EFTS).

This additional financial support helps TEOs keep these learners engaged and committed to their programmes, and has helped in achieving the performance target. The transport assistance subsidy was especially important for rural based learners who may have been more inclined to withdraw due to COVID-19 lockdowns in the upper North Island.

Gateway

Measure	2022 Target	2022 Actual	2021 Actual
Total participants and number of schools	14,000 ±5% in up to 375 schools	14,861 in 380 schools (Note 1)	13,907 in 377 schools

Note 1 – Total participants and number of schools has remained stable and met required target. This suggests schools have maintained delivery following COVID-19 lockdowns in late 2021 and early 2022. The target of up to 375 schools was exceeded by five schools.



Tertiary Education: Qualification Delivery

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

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

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue				
Qualifications at level 7 (degree) and above	1,615,392	1,702,382	1,702,316	1,599,062
Qualifications at levels 3-7 (non-degree)	808,006	809,643	809,643	888,651
Section 556 Grants for School of Dance and School of Drama	2,820	2,368	2,434	2,440
Total revenue	2,426,218	2,514,393	2,514,393	2,490,153
EXPENSES				
Qualifications at level 7 (degree) and above	1,615,392	1,702,382	1,702,316	1,599,062
Qualifications at levels 3-7 (non-degree)	803,006	809,643	809,643	888,651
Section 556 Grants for School of Dance and School of Drama	2,820	2,368	2,434	2,440
Total expenses	2,421,218	2,514,393	2,514,393	2,490,153
Surplus/(deficit)	5,000	-	-	-

Revenue was \$88 million below budget and expenses were \$93 million below budget owing to lower student numbers. \$5 million of revenue was drawn onto our Balance Sheet to help fund the forecast increased demand in 2024 and 2025.

Provider-based learning

© TEC contributes to the result of these measures

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

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

All learners

Measure	Level	2022 Target	2022 Actual	2021 Actual
Qualification completion				
Percentage of funded students completing qualifications (Notes 1 and 2)	Levels 4-7 non-degree	At least 59.1%	58.3% (Note 3)	59.3%
	Level 7 degree and above	At least 61.9%	62.9%	62.1%

Measure	Level	2022 TEO commitments	2022 Actual	2021 Actual
Course completion				
Percentage of funded students completing courses (Notes 1 and 2)	Levels 1-10	83.6%	81.3% (Note 3)	82.6%
Progression				
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		43.1%	38.0% (Note 3)	40.7%
Retention				
First year retention rates for qualification at: (Note 1)	Levels 4-7 non-degree	58.9%	57.5% (Note 3)	62.2%
	Level 7 degree and above	77.1%	75.8% (Note 3)	77.1%

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

Note 2 – The wording of this measure has been broadened in 2022/23 to enable future reporting on the delivery component of the UFS, which came into effect on 1 January 2023.

Note 3 – Provider-based learner results rates are likely to have been impacted by several external factors including:

- › New Zealand went through the Red and Orange settings of the COVID-19 Protection Framework in early 2022, which restricted face-to-face delivery in parts of the country.
- › Inflation and the cost of living continued to rise significantly throughout 2022, putting financial pressure on learners and their families especially in vulnerable communities. Learners in vulnerable communities may have prioritised their health and supporting their families and communities over their learning commitments.

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

Measure	Level	Group	2022 Target	2022 Actual		2021 Actual	
			Parity gap		Parity gap		Parity gap
Qualification completion							
Percentage of funded students completing qualifications (Note 1)	Levels 4-7 non-degree	Māori	No more than -1.4 percentage points	56.5%	-3.1 percentage points (Note 2)	58.7%	-1.5 percentage points
		Non-Māori and non-Pacific		59.6%		60.2%	
Percentage of funded students completing qualifications (Note 1)	Level 7 degree and above	Māori	No more than -14.8 percentage points	52.2%	-14.1 percentage points	50.8%	-14.8 percentage points
		Non-Māori and non-Pacific		66.3%		65.6%	



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

Measure	Level	Group	2022 Target		2022 Actual		2021 Actual	
			TEO Commitments	Parity gap		Parity gap		Parity gap
Course completion								
Percentage of funded domestic equivalent full-time students completing courses (Note 1)	Levels 1-10	Māori	78.9%	-7.6 percentage points	72.2%	-13.1 percentage points (Note 2)	73.5%	-12.9 percentage points
		Non-Māori and non-Pacific	86.5%		85.3%		86.4%	
Progression								
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		Māori	43.1%	+0.2 percentage points	41.2%	+5.0 percentage points (Note 3)	43.5%	+4.0 percentage points
		Non-Māori and non-Pacific	42.9%		36.2%		39.5%	
Retention								
First year retention rates for qualification at: (Note 1)	Levels 4-7 non-degree	Māori	57.2%	-2.6 percentage points	55.2%	-3.0 percentage points (Notes 2 and 4)	59.1%	-4.6 percentage points
		Non-Māori and non-Pacific	59.8%		58.2%		63.7%	
	Level 7 degree and above	Māori	70.2%	-9.3 percentage points	68.6%	-9.1 percentage points	69.3%	-9.8 percentage points
		Non-Māori and non-Pacific	79.5%		77.7%		79.1%	

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

Note 2 – Māori learner results are likely to have been impacted by several external factors including:

- › New Zealand went through the Red and Orange settings of the COVID-19 Protection Framework in early 2022, which restricted face-to-face delivery in parts of the country.
- › Inflation and the cost of living continued to rise significantly throughout 2022, putting financial pressure on learners and their families especially in vulnerable communities. Learners in vulnerable communities may have prioritised their health and supporting their families and communities over their learning commitments.

Note 3 – The target for this measure was exceeded by 4.8 percentage points. The target for this measure is a cumulation of tertiary education organisations' 2022 commitments relating to progression.

Note 4 – Although the parity target (-2.6 percentage points) was not achieved, the parity gap in 2022 decreased by 1.6 percentage points compared to 2021.

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

Measure	Level	Group	2022 Target	2022 Actual		2021 Actual	
			Parity gap		Parity gap		Parity gap
Qualification completion							
Percentage of funded students completing qualifications (Note 1)	Levels 4-7 non-degree	Pacific	No more than -4.1 percentage points	55.8%	-3.8 percentage points	56.1%	-4.1 percentage points
		Non-Māori and non-Pacific		59.6%		60.2%	
	Level 7 degree and above	Pacific	No more than -19.3 percentage points	47.0%	-19.3 percentage points	46.2%	-19.4 percentage points
		Non-Māori and non-Pacific		66.3%		65.6%	



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

Measure	Level	Group	2022 Target		2022 Actual		2021 Actual	
			TEO Commitments	Parity gap		Parity gap		Parity gap
Course completion								
Percentage of funded domestic equivalent full-time students completing courses (Note 1)	Levels 1-10	Pacific	75.9%	-10.6 percentage points	68.8%	-16.5 percentage points (Note 2)	71.7%	-14.7 percentage points
		Non-Māori and non-Pacific	86.5%		85.3%		86.4%	
Progression								
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		Pacific	43.6%	+0.7 percentage points	37.0%	+0.8 percentage points	39.3%	-0.2 percentage points
		Non-Māori and non-Pacific	42.9%		36.2%		39.5%	
Retention								
First year retention rates for qualification at: (Note 1)	Levels 4-7 non-degree	Pacific	53.2%	-6.6 percentage points	53.6%	-4.6 percentage points (Notes 3)	53.2%	-10.5 percentage points
		Non-Māori and non-Pacific	59.8%		58.2%		63.7%	
	Level 7 degree and above	Pacific	73.0%	-6.5 percentage points	70.8%	-6.9 percentage points (Notes 2 and 4)	71.6%	-97.5 percentage points
		Non-Māori and non-Pacific	79.5%		77.7%		79.1%	

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

Note 2 – Pacific learners results are likely to have been impacted by several external factors including:

- › New Zealand went through the Red and Orange settings of the COVID-19 Protection Framework in early 2022, which restricted face-to-face delivery in parts of the country.
- › Inflation and the cost of living continued to rise significantly throughout 2022, putting financial pressure on learners and their families especially in vulnerable communities. Learners in vulnerable communities may have prioritised their health and supporting their families and communities over their learning commitments.

Note 3 – The 5.9 percentage point decrease in the parity gap between 2021 and 2022 is reflective of a 5.5 percentage point decrease in the retention rate for non-Māori and non-Pacific learners (63.7% in 2021 compared to 58.9% in 2022) and a 0.4 increase in the retention rate for Pacific learners (53.2% in 2021 compared to 53.6% in 2022).

Note 4 – Although the parity target (-6.5 percentage points) was not achieved, the parity gap reduced by 0.6 percentage points compared to last year. (-7.5 percentage points in 2021 compared to -6.9 percentage points in 2022).

Work-based learning

Ⓒ TEC contributes to the result of these measures

All learners

Measure	Group	2022 Target	2022 Actual	2021 Actual
	All learners	At least 66.1%	65.4% (Notes 1 and 2)	65.3%
Percentage completing programmes	Industry Trainees	At least 69.1%	69.6%	68.9%
	Apprentices	At least 54.9%	53.1% (Notes 1 and 2)	55.0%

Note 1 – Learners continued to be affected by COVID-19 restrictions, particularly those who went through the Red and Orange settings of the COVID-19 Protection Framework in early 2022, which restricted face-to-face delivery in parts of the country. Programme completion depends on the completion of both block courses and on-the-job training, neither of which were able to be completed where face-to-face interaction was restricted.

Note 2 – The tight labour market was a challenge for employers. They may have hesitated to pull people ‘off the line’ for development, especially if they were unable to backfill them.

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

Measure	Group	2022 Target	2022 Actual		2021 Actual	
		Parity gap	Programme completion	Parity gap	Programme completion	Parity gap
Percentage completing programmes	Māori	No more than - 5.6 percentage points	59.6%	-6.8 percentage points (Note 1)	61.4%	-5.7 percentage points
	Non-Māori and non-Pacific		66.4%	67.1%		

Note 1 – Māori learners continued to be affected by COVID-19 restrictions, particularly those who went through the Red and Orange settings of the COVID-19 Protection Framework in early 2022, which restricted face-to-face delivery.

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

Measure	Group	2022 Target	2022 Actual		2021 Actual	
		Parity gap	Programme completion	Parity gap	Programme completion	Parity gap
Percentage completing programmes	Pacific	No more than -1.5 percentage points	64.1%	-2.3 percentage points (Note 1)	65.7%	-1.7 percentage points
	Non-Māori and non-Pacific		66.4%	67.1%		

Note 1 – Pacific learners continued to be affected by COVID-19 restrictions, particularly those who went through the Red and Orange settings of the COVID-19 Protection Framework in early 2022, which restricted face-to-face delivery.

Rohenga pūtea kāwanatanga mā te Mātauranga Matua

Vote Education appropriation

Primary and Secondary Education (Multi-category appropriation)

Mai i te Kura Tuarua ki te Taumata
Mātauranga Matua

Secondary-Tertiary Interface

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

	2022/23 Actual \$000	2022/23 Budget \$000	2022/23 Supplementary Estimates \$000	2021/22 Actual \$000
REVENUE				
Crown revenue	32,565	31,250	31,786	29,691
Total revenue	32,565	31,250	31,786	29,691
Total expenses	32,565	31,250	31,786	29,691
Surplus/(deficit)	-	-	-	-



5

Wāhanga tuarima:
Tauākī pūtea

Part five:
Financial statements

Tauākī Pūrongo Whānui mō te Moni Whiwhi, Moni Utu Hoki

Statement of Comprehensive Revenue and Expense

For the year ended 30 June

	Notes	2023 Actual \$000	2023 Budget \$000	2022 Actual \$000
REVENUE				
Grants revenue:				
Vote Education/Tertiary Education – Ministry of Education (MoE)	1	3,741,707	3,853,978	3,824,843
Prior year recoveries – net		1,495	2,000	227
Total grants revenue		3,743,202	3,855,978	3,825,070
Operating revenue:				
Vote Tertiary Education – MoE	1	80,398	79,413	76,592
Contract – Direct Careers Services	1	448	-	2,000
Contract – Pre-purchased English Language Tuition	1	377	442	530
Contract – Cyber Security for the Tertiary Sector	1	621	-	-
Other revenue		1,257	1,248	1,357
Total operating revenue		83,101	81,103	80,479
Finance revenue:				
Interest – grants	1	2,824	400	382
Interest – operating	1	1,404	800	330
Total finance revenue		4,228	1,200	712
Total revenue		3,830,531	3,938,281	3,906,261

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	2023 Actual \$000	2023 Budget \$000	2022 Actual \$000
EXPENSE				
Grants expense:				
Grants expense		3,711,428	3,853,478	3,824,842
Bad and doubtful debts	2	279	500	1
Total grants expense	2	3,711,707	3,853,978	3,824,843
Operating expense:				
Personnel costs	5	55,696	56,484	55,868
Amortisation	8	4,826	4,214	4,555
Depreciation	9	1,218	1,160	981
Other expenses	6	22,539	25,045	23,325
Total operating expense		84,279	86,903	84,729
Total expense		3,795,986	3,940,881	3,909,572
SURPLUS/(DEFICIT)				
Grants surplus/(deficit)		34,319	2,400	609
Operating surplus/(deficit)		226	(5,000)	(3,920)
Total comprehensive revenue and expense		34,545	(2,600)	(3,311)

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

The accompanying notes form part of these financial statements.

Tauākī Āhukatanga Ahumoni

Statement of Financial Position

As at 30 June

	Notes	2023 Actual \$000	2023 Budget \$000	2022 Actual \$000
CURRENT ASSETS				
Receivables	4,16	552,494	590,763	538,478
Cash and cash equivalents	7,16	85,012	85,432	83,266
Prepayments		1,474	1,020	1,253
Total current assets		638,980	677,215	622,997
NON-CURRENT ASSETS				
Intangible assets	8	21,808	30,227	21,003
Property, plant and equipment	9	3,417	5,699	4,209
Total non-current assets		25,225	35,926	25,212
Total assets		664,205	713,141	648,209
CURRENT LIABILITIES				
Payables	3,16	483,668	562,266	497,032
Pre-purchased English Language Tuition – fees in advance	11	10,092	11,181	13,093
Repayment of grants funding – MoE	13	6,892	400	8,734
Employee entitlements	10	4,001	4,008	3,703
GST payable		5,529	6,004	4,985
Provision for lease	12	-	-	153
Total current liabilities		510,182	583,859	527,700
NON-CURRENT LIABILITIES				
Payables	3,16	424	419	568
Provision for lease	12	151	150	120
Employee entitlements	10	521	714	615
Total non-current liabilities		1,096	1,283	1,303
Total liabilities		511,278	585,142	529,003
Net assets		152,927	127,999	119,206
EQUITY				
General funds	14	152,927	127,999	119,206
Total equity		152,927	127,999	119,206

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	2023 Actual \$000	2023 Budget \$000	2022 Actual \$000
EQUITY				
Balance at 1 July		119,206	121,149	117,399
Total comprehensive revenue and expense for the year		34,545	(2,600)	(3,311)
Repayment of grants interest – MoE	13	(2,824)	(400)	(382)
Capital contributions		2,000	9,850	5,500
Balance at 30 June	14	152,927	127,999	119,206

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

The accompanying notes form part of these financial statements.

Tauākī Whiwiringa, Whakapaunga Moni

Statement of Cash Flows

For the year ended 30 June

Notes	2023 Actual \$000	2023 Budget \$000	2022 Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Grants – MoE	3,732,364	3,864,978	3,943,050
Grants – prior year recoveries	5,563	2,000	3,401
Grants – Pre-purchased English Language Tuition	1,045	(2,038)	1,262
Operating – MoE	80,398	79,413	76,592
Operating – Pre-purchased English Language Tuition	105	239	126
Operating – other	2,245	711	3,470
	3,821,720	3,945,303	4,027,901
<i>Cash was applied to:</i>			
Grants payments	(3,730,951)	(3,864,578)	(3,945,297)
Payments to employees	(55,489)	(56,262)	(55,713)
Other operating payments	(23,280)	(25,132)	(26,064)
GST – net	(2,133)	30	(3,001)
	(3,811,853)	(3,945,942)	(4,030,075)
Net cash flows from operating activities	9,867	(639)	(2,174)
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Interest – grants	2,824	-	382
Interest – operating	1,247	800	291
Sale of property, plant and equipment	-	-	56
	4,071	800	729
<i>Cash was applied to:</i>			
Purchase of intangible assets	(6,177)	(14,213)	(11,384)
Purchase of property, plant and equipment	(369)	(1,637)	(934)
	(6,546)	(15,850)	(12,318)
Net cash flows from investing activities	(2,475)	(15,050)	(11,589)

Tauākī Whiwhinga, Whakapaunga Moni

Statement of Cash Flows (continued)

For the year ended 30 June

	Notes	2023 Actual \$000	2023 Budget \$000	2022 Actual \$000
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Cash was provided from:</i>				
Capital Contribution – MoE		2,000	9,850	5,500
<i>Cash was applied to</i>				
Repayment of grants funding – MoE		(7,646)	(101)	(22,354)
Net cash flows from financing activities		(5,646)	9,749	(16,854)
Net increase/(decrease) in cash and cash equivalents		1,746	(5,940)	(30,617)
Cash and cash equivalents at 1 July		83,266	91,372	113,883
Cash and cash equivalents at 30 June	7	85,012	85,432	83,266

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	2023 Actual \$000	2023 Budget \$000	2022 Actual \$000
Total comprehensive revenue and expense	34,545	(2,600)	(3,311)
Add non-cash items			
Depreciation and amortisation	6,044	5,374	5,536
Loss/(gain) on disposal of intangible assets and property, plant and equipment	1,882	-	977
Total non-cash items	7,926	5,374	6,513
Deduct interest – operating classified as investing activities	(4,071)	(800)	(673)
Deduct interest – grants classified within repayment of grants funding – MoE within financing activities	-	(400)	-
Add/(less) operating movements in statement of financial position items			
(Increase)/decrease in receivables	(14,016)	11,000	108,559
(Increase)/decrease in prepayments	(221)	(20)	(114)
Increase/(decrease) in GST payable	544	30	(351)
Increase/(decrease) in employee entitlements	204	247	148
Increase/(decrease) in payables	(15,022)	(11,228)	(113,532)
Increase/(decrease) in Pre-purchased English Language Tuition – fees in advance	(3,001)	(2,242)	(4,441)
Increase/(decrease) in repayment of grants funding – MoE	2,979	-	5,028
Total movements in statement of financial position items	(28,533)	(2,213)	(4,703)
Net cash flows from operating activities	9,867	(639)	(2,174)

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 2023 and were approved by our Board of Commissioners on 31 October 2023.

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 effective

PBE International Public Sector Accounting Standard (IPSAS) 41 Financial Instruments

We adopted this standard from 1 July 2022 with the following impact on the financial statements:

- › We have provided further explanation of our impairment model for financial assets based on expected credit losses – refer to note 4.
- › The category previously called loans and receivables has been updated to financial assets at amortised cost – refer to note 16.

PBE Financial Reporting Standard (FRS) 48 Service Performance Reporting

We adopted this standard from 1 July 2022.

PBE FRS 48 requires specific disclosures for the reporting of service performance information. These disclosures have been provided in the statement of service performance.

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 2022/23 – 2025/26 and Statement of Performance Expectations 2022/23*. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period it relates to.

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

Contract 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 2021/22 financial year as we delivered the contract.

We agreed an extension to continue running this service in July and August 2022 before activities were transferred to MSD from 1 September 2022. We recognised \$0.4 million of revenue in the 2022/23 financial year.

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.

Contract revenue – Cyber Security for the Tertiary Sector

Ministry of Education (MoE) have funded us up to \$2.75 million to provide assurance work in the tertiary sector from 1 July 2022 to 30 June 2024.

We recognised \$0.6 million of revenue from the MoE throughout 2022/23 as we delivered the contract.

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 2022/23* as approved by the Board of Commissioners at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with these financial statements.

Income tax

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

Critical accounting estimates and assumptions

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

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

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

Critical judgements in applying accounting policies

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

Comparative information

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

2. Grants expense relating to tertiary education institutions

Accounting policy

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

Breakdown of grants expense

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

	Funding \$000	Accounting Adjustment (Note 1) \$000	2023 \$000	2022 \$000
UNIVERSITIES				
Auckland University of Technology	215,234	(3,852)	211,382	219,036
Lincoln University	49,759	(35)	49,724	47,756
Massey University	228,592	(3,253)	225,339	234,963
University of Auckland	558,163	(9,413)	548,750	566,649
University of Canterbury	220,571	(945)	219,626	219,905
University of Otago	382,345	(7,613)	374,732	378,821
University of Waikato	110,342	1,002	111,344	111,355
Victoria University of Wellington	231,321	(8,312)	223,009	237,325
	1,996,327	(32,421)	1,963,906	2,015,810
TE PŪKENGĀ – NEW ZEALAND INSTITUTE OF SKILLS AND TECHNOLOGY				
	1,001,602	(50,371)	951,231	906,753
WĀNANGA				
Te Wānanga o Aotearoa	119,093	21,868	140,961	121,835
Te Wānanga o Raukawa	22,591	5,229	27,820	22,438
Te Whare Wānanga o Awanuiārangi	23,325	8,913	32,238	26,502
	165,009	36,010	201,019	170,775
Total TEI grants	3,162,938	(46,782)	3,116,156	3,093,338
Other tertiary education organisation grants	579,744	15,528	595,272	731,504
Bad debts written off and movement in provision for uncollectable debts	279	-	279	1
Total grants expense	3,742,961	(31,254)	3,711,707	3,824,843

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 \$13,277,513 in 2022 to \$13,598,772 in 2023 as per note 4. This is a \$321,259 increase (\$279,356 exclusive of GST as per above).

3. Payables

Accounting policy

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

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

- › Where we have committed to provide funding based on a multi-year contract, we recognise commitments for a further 12 months. Our contracts with tertiary education organisations state our ability to provide funding depends on the Government continuing to appropriate sufficient funding for us to fund the tertiary education organisation. At 30 June 2023, our funding has only been confirmed up until 30 June 2024.
- › 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 have also received a \$34,000 incentive for our Auckland office in November 2019.

Breakdown of payables

	2023 \$000	2022 \$000
CURRENT PAYABLES		
Grants: Non-exchange transactions		
Tertiary grants payable	442,511	473,765
Accrued expenses	37,974	19,347
Creditors	1	-
Total current grants payables	480,486	493,112
Operations: Exchange transactions		
Accrued expenses	2,618	3,662
Creditors	419	113
Lease incentive	145	145
Total current operations payables	3,182	3,920
Total current payables	483,668	497,032
NON-CURRENT PAYABLES		
Operations: Exchange transactions		
Lease incentive	424	568
Total non-current payables	424	568
Total payables	484,092	497,600

4. Receivables

Accounting policy

Receivables are initially measured at face value and then adjusted for amounts not considered recoverable.

Short-term receivables are recorded at the amount due, less any allowance for expected credit losses (ECL).

We have applied the simplified ECL model of recognising lifetime ECL for short-term receivables. The model of expected credit loss is based on the age of individual accounts receivable past due date of receipt, drawing on credit loss history, relationship with the TEC and communications with the individual. Most receivables are not past due.

The simplified ECL model is no different to the previous policy adopted by the TEC, and this disclosure has been adjusted solely to reflect the requirements of Public Benefit Entity International Public Sector Accounting Standard 41 Financial Instruments.

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.

Breakdown of receivables and further information

	2023 \$000	2022 \$000
MoE tertiary grants receivable (non-exchange transaction)	442,511	473,765
MoE balance sheet mechanism receivable (non-exchange transaction)	76,381	46,380
Tertiary grants receivables (non-exchange transaction)	34,352	31,186
MoE other grants receivable (non-exchange transaction)	12,187	-
Other accounts receivable (exchange transaction)	662	425
Provision for uncollectability	(13,599)	(13,278)
Total receivables	552,494	538,478

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

As at 30 June 2023	Gross \$000	Provision \$000	Net \$000
Not past due	535,266	-	535,266
Past due 1-30 days	-	-	-
Past due 31-60 days	2	-	2
Past due 61-90 days	11,589	(935)	10,654
Past due > 90 days	19,236	(12,664)	6,572
Total	566,093	(13,599)	552,494

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

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

	2023 \$000	2022 \$000
Balance at 1 July	13,278	13,276
Increase/(decrease) in provision	321	75
Receivables written off during the year	-	(73)
Balance at 30 June	13,599	13,278

Note 1 – This is inclusive of Goods and Services Tax (GST). Bad and doubtful debts shown in the Statement of Comprehensive Revenue and Expense are exclusive of GST.

5. Personnel costs

Accounting policy

Superannuation schemes – defined contribution schemes

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

Breakdown of personnel costs and further information

	2023 \$000	2022 \$000
Salaries	41,497	43,463
Contractors	11,142	9,588
Redundancy cost	623	476
Contributions to defined contribution plans	1,183	1,242
Movement in employee entitlements	204	148
Training and development	322	189
Other personnel expenses	725	762
Total personnel costs	55,696	55,868

Employee remuneration

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

	Number of employees 2023	Number of employees 2022
580,001 to 590,000	1	-
570,001 to 580,000	-	1
420,001 to 430,000	1	-
330,001 to 340,000	1	-
320,001 to 330,000	-	1
310,001 to 320,000	-	2
290,001 to 300,000	1	-
280,001 to 290,000	1	-
260,001 to 270,000	1	-
250,001 to 260,000	-	2
230,001 to 240,000	-	1
220,001 to 230,000	1	-
210,001 to 220,000	2	1
200,001 to 210,000	4	4
190,001 to 200,000	-	4
180,001 to 190,000	8	2
170,001 to 180,000	1	9
160,001 to 170,000	12	7
150,001 to 160,000	18	16
140,001 to 150,000	16	15
130,001 to 140,000	27	20
120,001 to 130,000	30	37
110,001 to 120,000	33	28
100,001 to 110,000	35	39
Total employees	193	189

During the year, 23 employees (2022: 12) received compensation and other benefits in relation to cessation totalling \$622,402 (2022: \$475,895).

Board of Commissioners' remuneration

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

		2023 \$	2022 \$
CURRENT COMMISSIONERS			
Jenn Bestwick (Chair) (Note 1)	appointed December 2018	46,267	46,267
Dr Wayne Ngata (Deputy Chair) (Note 2)	appointed December 2019	25,200	22,400
Dr Alastair MacCormick (Note 3)	appointed June 2017	29,116	35,832
Vivien Sutherland Bridgwater	appointed December 2018	22,400	22,400
Kirk Hope	appointed December 2019	22,400	22,400
Samuelu (Sam) Sefuiva	appointed December 2022	11,200	-
Deidre Shea	appointed December 2022	11,200	-
PAST COMMISSIONERS			
Nancy McConnell	term ended December 2022	11,200	22,400
John Russell	term ended December 2022	11,200	22,400
Total Commissioner's fees		190,183	194,099

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

Note 2 – Dr Wayne Ngata was elevated to Deputy Chair on 22 December 2022.

Note 3 – The amount paid to Dr Alastair MacCormick includes \$6,716 for attendance at nine 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.

Breakdown of other expenses and further information

	Note	2023 \$000	2022 \$000
Consultants		1,247	2,230
Managing third-party delivery		4,415	5,236
Computer operations		5,933	5,633
Property rental		2,102	2,562
Capital charge		1,909	1,879
Travel		543	164
Legal fees		379	435
Commissioners' fees	5	190	194
Audit fees for audit of financial statements		217	204
Telephone, tolls and postage		108	131
Insurance		113	102
Other supplies and services		5,383	4,555
Total other expenses		22,539	23,325

Operating leases as lessee

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

	2023 \$000	2022 \$000
Not later than one year	2,181	2,381
Later than one year and not later than five years	6,196	8,509
Later than five years	-	-
Total non-cancellable operating leases	8,377	10,890

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 Auckland and Christchurch. Renewal dates have been used for these leases also.

7. Cash and cash equivalents

Accounting policy

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

Breakdown of cash and cash equivalents

	2023 \$000	2022 \$000
OPERATIONS		
Cash at bank	5,371	4,556
Term deposits with maturities less than three months	18,000	18,000
Total operations cash and cash equivalents	23,371	22,556
GRANTS		
Cash at bank	52,784	49,311
Total grants cash and cash equivalents	52,784	49,311
PRE-PURCHASED ENGLISH LANGUAGE TUITION		
Cash at bank	3,857	3,399
Term deposits with maturities less than three months	5,000	8,000
Total Pre-purchased English Language Tuition cash and cash equivalents	8,857	11,399
Total cash and cash equivalents	85,012	83,266



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 is 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:

- › physically inspecting assets
- › running asset replacement programmes
- › reviewing second-hand market prices for similar assets, and
- › analysing 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.

	2023 \$000	2024 \$000	2025 \$000	2026 \$000
(Decrease)/increase in amortisation expense	-	18	14	(32)

Breakdown of intangible assets and further information

Movements for each class of intangible assets are as follows

2023					
	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Carrying amount at 1 July	210	8,006	-	12,787	21,003
Capitalisations	-	6,106	-	(6,106)	-
Amortisation and impairments	(183)	(4,643)	-	-	(4,826)
Additions	-	-	-	7,505	7,505
Disposals	-	(1,874)	-	-	(1,874)
Carrying amount at 30 June	27	7,595	-	14,186	21,808
Cost	2,800	40,677	-	14,186	57,663
Accumulated amortisation	(2,773)	(33,082)	-	-	(35,855)
Carrying amount at 30 June	27	7,595	-	14,186	21,808

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

The amount of contractual commitments for the acquisition of intangible assets is \$6,765,000 (2022: \$3,667,000)

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, and furniture and fittings.

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

Additions

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

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.

Breakdown of property, plant and equipment and further information

Movements for each class of property, plant and equipment are as follows:

2023						
	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Work in progress \$000	Total \$000
Carrying amount at 1 July	1,995	860	-	603	751	4,209
Capitalisations	-	1,110	-	74	(1,184)	-
Depreciation and impairments	(406)	(720)	-	(92)	-	(1,218)
Additions	-	-	-	-	433	433
Disposals	-	-	-	(7)	-	(7)
Carrying amount at 30 June	1,589	1,250	-	578	-	3,417
Cost	4,328	3,318	20	945	-	8,611
Accumulated depreciation	(2,739)	(2,068)	(20)	(367)	-	(5,194)
Carrying amount at 30 June	1,589	1,250	-	578	-	3,417

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

There are no contractual commitments for the acquisition of property, plant and equipment (2022: \$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.

Breakdown of employee entitlements and further information

	2023 \$000	2022 \$000
CURRENT PORTION		
Annual leave	2,240	2,412
Salaries and wages	1,664	1,105
Retirement and long service leave	84	96
Redundancies	-	81
Sick leave	13	9
Total current portion	4,001	3,703
NON-CURRENT PORTION		
Retirement and long service leave	479	487
Redundancies	24	95
Sick leave	18	33
Total non-current portion	521	615
Total employee entitlements	4,522	4,318

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	551	12	563
Salary growth: 1.0% per year	510	11	521
Salary growth: 3.0% per year	597	14	611
Resignation rates: 150% of assumed	521	12	533
Resignation rates: 50% of assumed	587	13	600
Discount rates: 0.05% increase	549	12	561
Discount rates: 0.05% decrease	553	12	565

11. Pre-purchased English Language Tuition – fees in advance

Accounting policy

Refer to the policy on Contract revenue – Pre-purchased English Language Tuition in note 1.

Breakdown of Pre-purchased English Language Tuition

	2023 \$000	2022 \$000
Balance at 1 July	13,093	17,534
Fees received from migrants	1,150	1,388
Fees paid to providers	(1,552)	(2,105)
Refund of unused fees to Ministry of Business, Innovation and Employment	(2,222)	(3,194)
Contract expense – administration	(377)	(530)
Balance at 30 June	10,092	13,093

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
- › 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 \$151,000.

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.

There were no onerous contracts at 30 June 2023. At 30 June 2022, we were in the process of ending our leases for our two project offices in Wellington. Both leases ended during the 2022/23 financial year.

Breakdown of provision for lease

	2023 \$000	2022 \$000
CURRENT PORTION		
Onerous lease	-	153
Total current portion	-	153
NON-CURRENT PORTION		
Lease make good	151	120
Total non-current portion	151	120
Total provision for lease	151	273

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.

Breakdown of repayment of grants funding – Ministry of Education

	2023 \$000	2022 \$000
Balance at 1 July	8,734	25,679
Repayments of opening balance	(8,734)	(25,679)
Prior year recoveries	4,068	3,174
Excess funding drawn	-	5,178
Interest	2,824	382
Balance at 30 June	6,892	8,734

14. Equity

Accounting policy

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

Capital management

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

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

We have complied with the financial management and accountability requirements of the Crown Entities Act 2004 during the year.

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

Breakdown of equity

	2023 \$000	2022 \$000
GRANTS EQUITY		
Balance at 1 July	80,413	80,186
Surplus/(deficit) for the year	34,319	609
Repayment of grants interest – MoE	(2,824)	(382)
Balance at 30 June	111,908	80,413
OPERATIONS EQUITY		
Balance at 1 July	38,793	37,213
Surplus/(deficit) for the year	226	(3,920)
Capital contribution	2,000	5,500
Balance at 30 June	41,019	38,793
Total equity	152,927	119,206

15. Related party transactions

We are controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are:

- › within a normal supplier or client/recipient relationship
- › on terms and conditions no more or less favourable than those it is reasonable to expect we would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (e.g. 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

	2023 \$000	2022 \$000
COMMISSIONERS		
Remuneration	190	194
Full-time equivalent members	0.9	0.9
LEADERSHIP TEAM		
Remuneration	2,478	2,256
Full-time equivalent members	7.0	7.0
Total key management personnel remuneration	2,668	2,450
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 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:

	2023 \$000	2022 \$000
FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Cash and cash equivalents	85,012	83,266
Receivables	552,494	538,478
Total financial assets measured at amortised cost	637,506	621,744
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Payables (current portion)	483,668	497,032
Payables (non-current portion)	424	568
Total financial liabilities measured at amortised cost	484,092	497,600

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 (2022: 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 2022/23* are as follows:

Statement of Comprehensive Revenue and Expense

Grants revenue

Grants revenue was \$113 million below budget owing to lower student numbers. \$30 million of revenue was drawn onto our grants Balance Sheet to help fund the forecast increased demand in 2024 and 2025.

Grants expense

Grants expense was \$142 million below budget owing to lower student numbers.

Statement of Financial Position

Receivables

Receivables were \$38 million below budget. Lower student numbers meant our tertiary grants receivable was \$95 million less than budget. This was partially offset by \$30 million being added to our grants Balance Sheet and other receivables being \$27 million higher than budget.

Intangible assets

Intangible assets were \$8 million below budget owing to our Data System Refresh (a capital project funded by the Vocational Education Data System capital contribution) beginning in April 2023 and only spending \$2 million compared to the 2022/23 budgeted spend of \$8 million.

Payables

Payables were \$79 million below budget. Lower student numbers meant our tertiary grants payable was \$95 million less than budget. This was partially offset by accrued grants expenses being \$18 million higher than budget.

Repayment of grants funding – Ministry of Education

Repayment of grants funding was \$6 million higher than budget. This was additional recoveries collected during the year that could not be retained and must be returned to the Ministry of Education.



6

Wāhanga tuaono:
Ngā tāpiringa

Part six:
Appendices

Āpitianga A: Ko ā mātou herenga hei kaiwhakawhiwhi mahi pai

Appendix A: Our good employer requirements

Leadership, accountability and culture

We ran our fourth employee experience survey, He waka eke noa, in May 2023. This is usually run annually, however, the TEC missed running it last year. Our participation rate is still very high at 86 percent – 2 percent higher than the last survey, and 23 percent ahead of the state sector average. We have increased our employee experience score since the previous employee experience survey from 64 percent to 67 percent. When we analysed specifically the ‘people experience’ score (aggregating data from Leadership, Performance Management and Culture), our rating increased from 67 percent to 70.3 percent. The results demonstrate that TEC’s people have remained resilient through a period of global pandemic, economic uncertainties and organisation change.

Our leaders (from the Executive Leadership Team (ELT) to Tier 4) were provided with their team/business unit/directorate’s results along with analysis and insights. Our ELT has also 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 is to continue to build on our strengths, hold on to our wellbeing and support each other through change.

Culture, leadership, and flexible work

- › The TEC as a **‘great place to work’**: The TEC continues to be regarded as a caring employer. Despite the global economic uncertainties, rising inflation, and post-COVID-19 mental and financial stress, our people largely continue to be loyal to the TEC. Two major organisational culture levers for this are **Diversity and Inclusion** and **Flexible Work**. Our employee experience survey, He waka eke noa, shows that 84 percent of our people feel included in their teams, and 78 percent think that people from all backgrounds and cultures feel included, welcomed and valued at the TEC. Eighty percent of people feel they enjoy working for the TEC, and 86 percent feel they have the flexibility to manage work and home life. Given the current global environment, our people are managing their family health and physical, mental and psychological health and wellbeing very well.
- › Nurturing our **employee networks** (e.g. Pasifika Network, Māori network, and existing networks like the Rainbow Community Network) and holding more all-of-TEC whānau events: In the post-COVID-19 world, we are encouraging our staff to attend events kanohi ki te kanohi (face-to-face) wherever possible, and the personal connection fostered at such events has been appreciated widely.

- › **Leadership development:** We are focusing on holistic leadership development. This will include refreshing the Managers' Knowledge Space and toolkit; exploring new Leadership development programmes (e.g. by the Leadership Development Council) for our leaders; a recruitment support/toolkit for leaders; Māori & Pasifika leadership development; and a review of communication methods to ensure all our leaders are effectively supported.
- › He waka eke noa has revealed that the significant gap between the ELT and Tier 3 leaders in most categories and questions, noticed in the previous survey, has been closed. This is a major achievement and is a result of ELT's dedicated effort to focus on this area. However, there is a gap between Tiers 3 and 4 leaders. Our focus for 2023/24 will be on closing this gap, i.e. translating the strategic intent to day-to-day operations, and line of sight to ELT.
- › We will procure and develop training/learning solutions to address priority learning needs, e.g. unconscious bias, Te Tiriti (foundational and advanced), Kiritaki training refresh, and TEC induction refresh. We will leverage off any new or existing learning being developed in the public sector, especially under the leadership of Te Kawa Mataaho or the Leadership Development Council, so that we can work smartly, making maximum use of our internal resources and aligning our people development to the wider public sector.

Technology

- › The Information Strategic Systems Plan outlines the plan for strategically driven technology improvements. We will continue to embed the priority work, including moving to the Cloud, enhancing cyber security, and creating a data-driven, smarter core business.

Strategic

Performance development

- › As per our refreshed Strategy, we will continue the work of embedding our Te Tiriti commitments through our Coaching Kōrero process and provide suitable support to our leaders. We have revised our Coaching Kōrero template and Guidelines to include prompt questions on Te Tiriti commitments, so that staff and managers find it easy to keep Te Tiriti in focus in their business-as-usual (BAU) work and normalise these conversations.
- › We will implement and embed **Te Kākano** and **Te Pihinga** to ensure our people are well supported to carry out Te Tiriti commitments.
- › We will implement **He Marae Tangata** – our internal capability development programme under '**Thriving TEC**' – to bring in long-term behavioural change to our people, making the TEC a 'learner-centric, equity-minded and culturally affirming' organisation. We have recently concluded a successful pilot of the individual capabilities (learner centric, equity-minded and culturally affirming) in three selected teams from the TEC. This is being evaluated now, and an implementation plan for the whole organisation will be ready shortly.

Recruitment, induction and selection

We reviewed our recruitment and selection policy and procedures. We also became an accredited employer under the Accredited Employer Working Visa scheme.

We actively recruited to vacant positions from change processes and for resources to support key projects such as the Data System Refresh and Tahatū. This was in addition to vacancies from turnover, which declined from 19 to 13.3 percent between January and July 2023. The labour market remains tight and our employer brand remains strong as we manage to fill most roles. We tapped into recruitment agencies with a specific audience for recruiting Māori staff.

Springboard, our recruitment platform, allows candidates to apply for roles through our Careers Portal. The Onboarding module will reduce a large amount of paper and manual processing. Springboard will allow us to review demographic data. With this information we will be able to review our recruitment strategies and see if these are reaching a more diverse candidate pool.

Our application template captures data on whether a person identifies as living with the effects of an illness and/or disability, alongside other interview questions. This enables us to identify potential and existing barriers disabled people may experience within the TEC, and provide more support by working to remove these obstacles.

One of our focus areas this year is the TEC induction refresh. We have incrementally added improvements to our standard induction presentations and this will be stepped up further, including reinstating the Whakawhanaungatanga (direct ELT interaction) which had to be discontinued because of COVID-19.

We have already made some significant improvements:

- › refreshing and updating individual presentations
- › including a presentation from Careers and the new Careers & Investment Directorate, and

- › making the Customer Contact Group Roadshow a part of the new employees' induction experience – giving them a direct feel for the diverse ways in which the TEC touches the lives of New Zealand's learners.

Employee development, promotion and exit

Our staff's learning journey starts with the TEC induction. In the last year, we have procured mandatory induction learning on cyber security and phishing, and conducted sessions with managers and staff on flexible work. Background work has begun on reviving the TEC's 'Quality Writing' programme, rebranding it as the 'Quality Writing at TEC' programme. This work will continue into the coming year, in the wake of the Plain Language Act 2022.

Other foundational learning for all of TEC's people includes:

- › a new machinery of government course, with specific content on Crown Agents
- › a module on neurodiversity
- › a suite of online modules and discussion cards on unconscious bias.

These new learnings are administered through our Learning Management System, Cūrious, so that completion can be tracked easily. Currently, we have over 50 eLearning modules on Cūrious, and more are expected to be added.

In the space of informal and on-the-job learning, our employees have opportunities to be seconded to key projects, or act in higher roles to backfill periods of leave.

Our employee experience survey, He waka eke noa, confirms that people want development and career pathways. As a result of recent bargaining for a new collective agreement, a joint working group with the Public Service Association will develop a career progression and development pathway. We are also working with the Leadership Development Centre to have input into the Public Sector Induction currently under development.

We reinstated our Graduate Programme for 2023. Fewer graduates applied for roles at the TEC than in previous years. We will begin recruitment for a 2024 Graduate Programme.

We continue to leverage off existing internships such as the Ministry of Education and Ministry of Business, Innovation and Employment (MBIE) programmes, as well as the Summer of Biz, Summer of Tech and Tupu Tai internships.

Our reo Māori classes continue to be well attended. Lifting Māori cultural capability is part of our He Marae Tangata Capability Framework to be a learner-centric, culturally affirming, equity-minded organisation. We will make training available to support our Te Tiriti o Waitangi commitments, including courses on Aotearoa history, Te Tiriti o Waitangi provisions and principles, and Te Tiriti o Waitangi training specific to the TEC work environment. Tools and resources developed for managers will be piloted in the coming year and will use Learning Development Centre resources. These tools and resources include Te Kākano, as well as amendments to our Coaching Kōrero guide to include our obligations to Te Tiriti o Waitangi over and above Te Rito modules, Kōi app and te reo Māori classes.

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. We are seeing a reduction in our turnover, perhaps due to people seeking security in an election year.

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

We allow staff to work flexibly from home and work. We have a small number of employees working outside our main office locations. This is determined on a case-by-case basis. The flexibility provided to employees has been acknowledged in our 2023 employee engagement survey as supporting wellbeing – 89 percent of people feel their manager trusts them to work productively while working remotely to meet agreed objectives.

The main office in Wellington includes more areas for working collaboratively.

Flexible work has emerged as a major strength for the TEC this year. At the end of policy development and implementation, training, and best practice carried out through responsive leadership, we have been able to embed flexible work in a way that ensures our people work how they work best, keeping their wellbeing and productivity intact. Responses in our 2023 Annual Engagement Survey indicate this is a major factor in why our staff remain loyal to the TEC, and that the TEC's Employer Value Proposition has increased considerably.

Remuneration, recognition and conditions

As part of the Public Service Pay Adjustment (PSPA), we bargained a new Collective Agreement (CA) with the Public Service Association (PSA). This was ratified on 25 July 2023. As part of bargaining for a new CA, the TEC and PSA will work further on developing a remuneration system and career progression and development framework and policy. We continue to hold monthly meetings with the PSA to discuss common issues. The PSA has representation on our Safety and Wellbeing Committee, gender pay working group, reviews of employment related policies, and also supports members with organisation change.

At our Matariki celebrations this year, we recognised those people with 15 years or more of service.

Harassment and bullying prevention

We review statistics from Vitae, our employee assistance programme, quarterly at our Safety and Wellbeing Committee meetings. There have been no reports of harassment and bullying. The Harassment and Bullying Prevention policy is due for review. We have updated our employment agreements to extend the timeframe in which to raise a personal grievance due to sexual harassment from 90 days to 12 months.

When we refresh the TEC induction, and review leadership development, we will ensure that this area is addressed through appropriate messaging and learning content. Suitable tools and resources for leaders will be promoted, and staff will be alerted to existing policies and procedures on a regular basis.

Safe and healthy environment

The Safety and Wellbeing Committee meet quarterly, with the PSA being represented on the committee by one PSA member. Our Employee Participation Agreement will be reviewed by the committee.

Our employee experience survey asked questions about staff wellbeing using Te Whare Tapa Whā, a holistic Māori model that describes the four cornerstones of hauora: taha tinana, physical health; taha wairua, spiritual health; taha whānau, family health; and taha hinengaro, mental health. We have a resilient workforce and people have maintained their wellbeing and productivity with flexible working. In one part of the survey, we asked a question about employees' stress level. The results were similar to the TEC's previous employee experience survey, with the reasons for stress primarily attributed to workload.

We reviewed our Business Continuity Plan and held one desktop exercise. We have identified critical functions and resourcing requirements. We have trained new first aiders, mental-health first aiders and floor wardens to ensure coverage when there are more people working remotely, and we provide refresher training for using the evacuation chair.

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. Since February 2022, we have provided numbers of COVID-19 cases to the Executive Leadership Team and Board. Flexible working has meant people have been able to maintain their wellbeing with little or no disruption to business continuity. Managers were given delegations to approve special leave where sick and anticipated sick leave had run out. We continue to encourage staff to have plans for taking annual leave and to remain at home if sick.

As part of our commitment to supporting employment of disabled people, we have continued to employ a staff member whose employment began through the Ministry of Social Development's flexi-wage scheme, where the employer picks up the salary after a period of time as the flexi-wage reduces. 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.

Our staff are able to work flexibly from home and the office.

As part of bargaining for a new Collective Agreement, we have agreed to extend the vision eye care policy to include hearing/audiology tests/aids.



Āpitianga B: Ko te mana ārahi me te oho haepapa

Appendix B: Governance and accountability

Our Board



Jenn Bestwick
Chair



Dr Wayne Ngata
Deputy Chair



Dr Alastair MacCormick



Vivien Sutherland Bridgwater



Nancy McConnell
(until December 2022)



John Russell
(until December 2022)



Kirk Hope



Deidre Shea
(from 23 December 2022)



Samuelu (Sam) Sefuiva
(from 12 January 2023)

Whatitata Whakaū– Risk and Assurance Committee members 2022/23

Dr Alastair MacCormick (Chair)

Nancy McConnell (until December 2022)

John Russell (until December 2022)

Jenn Bestwick (from March 2022)

Kirk Hope (from March 2022)

Jeremy Morley (Independent Consultant) (until October 2022)

Stewart McRobie (Independent Consultant) (from January 2023)

Ohu Tangata – People and Culture Committee members 2022/23

Vivien Sutherland Bridgwater (Chair)

Jenn Bestwick (until 28 April 2023)

John Russell (until December 2022)

Dr Wayne Ngata

Sam Sefuiva (from 28 April 2023)

Mātai Pūnaha Matai Punaha – System Responsiveness Committee 2022/23 – decommissioned on 28 April 2023

Kirk Hope (Chair)

Jenn Bestwick

Nancy McConnell

Dr Wayne Ngata

The Board agreed on 28 April 2023 to form a new sub-committee – the Student and Learner Advisory Committee – and to appoint Commissioners Deirdre Shea, Jenn Bestwick and Vivien Sutherland Bridgwater, and Chief Executive Tim Fowler (ex officio) to the Committee. This Committee is still in the process of being set up and will meet for the first time in October 2023.

Āpitianga 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 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.
Disability Action Plans	DAPs	A strategic response to implement a unified approach towards supporting our disabled learners within tertiary education. All large TEOs are required to submit draft DAPs that articulate the changes they will make to better support learners with disabilities and improve their tertiary education outcomes.
Education, Employment and Training	EET	The EET Ministerial Group is made up of nine Ministers who coordinate and advise on employment, education and training related workstreams. There is also an EET Chief Executives group and an EET Deputy Chief Executives group.
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.
Information Systems Strategic Plan	ISSP	A plan that presents the TEC's vision for digital, data and technology, while continuing to enable the TEC's core functions of investment, monitoring and careers system stewardship – improving the use of data to make better, evidence-based decisions.
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 to 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.
Learner Success Plans	LSPs	TEOs are required to provide LSPs outlining how they will change the way their organisation operates to deliver better outcomes for their learners, especially those who are under-served by the tertiary system.
Not in employment, education or training	NEETs	Those not in employment, education or training.
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	Provide tertiary education or vocational training. PTEs are separate to institutions (i.e. polytechnics, universities, 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.
Pacific Work Connect Programme	PWCP	Assists migrants from Pacific countries to obtain job seeking skills that will help them to secure employment in Aotearoa New Zealand. The Programme was originally limited to clients residing in Auckland, via face-to-face and/or online sessions, but now supports clients residing outside of Auckland.

Whatitata Whakau – Risk and Assurance Committee	RAC	Whatitata Whakau – Risk and Assurance Committee is a sub-committee of the Board of Commissioners. The Committee considers any matters relating to the affairs of the TEC, including but not limited to: its control processes; its risk management; its internal audit; and its external audit of the TEC.
Reform of Vocational Education	RoVE	Government initiative to create a unified and cohesive vocational education and training system and help New Zealanders prepare for the future of work.
Regional Skills Leadership Groups	RSLGs	A key change within the RoVE programme of work. RSLGs will provide advice about the skills needs of regions to the TEC, WDCs and local vocational education providers. They will better manage the changing skills and workforce needs in our regions and cities, and support the recovery of labour markets.
Sector Reference Group	SRG	The Sector Reference Group has provided advice and recommendations to the TEC on the operational design of the Performance-Based Research Fund’s Quality Evaluation 2026. The group has met regularly, reviewing papers, identifying options for consultation and reviewing sector feedback, and agreeing recommendations for consideration by the TEC. The SRG was convened in 2021 and will conclude its work in October 2023.
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.
Transitional Industry Training Organisations	TITOs	On 1 April 2020, TEC-funded Industry Training Organisations (ITOs) became Transitional ITOs under the Education (Vocational Education and Training Reform) Amendment Act 2020.

Targeted Training and Apprenticeship Fund	TTAF	The Targeted Training and Apprenticeship Fund (also known as free trades training) supported learners to undertake vocational education and training without fees from 1 July 2020 until 31 December 2022.
Unified Funding System	UFS	A project within the Reform of Vocational Education aimed at creating a single unified funding system that is simple, relevant and responsive to learners and employers. The UFS will cover all provider-based and work-integrated education at levels 3–7 (excluding degree study) and all industry training.
Vocational Educational and Training	VET	Enables skills development in a wide range of occupational fields, through provider-based and work-based learning. VET funding covers provider-based study at levels 3–7 (non-degree) and all work-based learning.
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.
Youth Guarantee	YG	Provides fees-free tertiary places for eligible domestic students aged 16 to 19 years who are studying towards NCEA Levels 1 or 2, or another qualification at Levels 1, 2, or 3 on the New Zealand Qualifications Framework (NZQF).

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





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Te Kāwanatanga o Aotearoa
New Zealand Government