



**Tertiary
Education
Commission**

Te Amorangi
Mātauranga Matua



Pūrongo-ā-tau Annual Report

for the year ended 30 June 2021



Te Kāwanatanga o Aotearoa
New Zealand Government



Tō mātou pūtake

Tāreia te pūnaha kia hihiri, ko te ako taumano te hua – kia rite ai ngā ākonga, ngā hapori me ngā kaituku mahi mō te angitu

Our purpose

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

Tō mātou wawata

Kia tū aumangea, kia taurikura ā Aotearoa – kei a te katoa ngā pūkenga, te mātauranga me te whakamanawa e tipu ai te mauri ora

Our vision

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

This annual report for the year ended 30 June 2021 provides information to enable our stakeholders to assess the operations and performance of the Tertiary Education Commission.

The report covers what we set out to do, what we have done and how we have contributed to the strategic priorities and targets set by the Government. We report on progress against our *Statement of Intent 2019/20-2022/23* and the performance measures in our *Statement of Performance Expectations 2020/21*.

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

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

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

Ko Te Amorangi Mātauranga
Matua me Te Tiriti o Waitangi

The Tertiary Education Commission and the Treaty of Waitangi

- 1.** The Tertiary Education Commission (TEC) will honour Te Tiriti o Waitangi (Te Tiriti) and give effect to its principles through our stewardship of the Tertiary Education and Careers systems.

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

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

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

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

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



E whakapau kaha tonu ana mātou kia mana ai Te Tiriti

We continue to strive to give effect to Te Tiriti

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

- 2.** We have established a cross-TEC programme of work to develop a Te Tiriti framework to develop, in partnership with iwi, Māori and the sector, our understanding of how we can honour Te Tiriti and support Māori-Crown relations. This will then inform our future work programme.

- 3.** We have been deepening our relationships with Māori and iwi, including through our partnerships and business functions, which has included the design and delivery of our careers programmes, as well as setting expectations for tertiary education organisations to engage with Māori and iwi.

- 4.** The Reform of Vocational Education is designed to build a system around the needs of learners, employers and communities. At its heart it is ensuring we improve outcomes for Māori learners, whānau, iwi and industry. All parts of this new ecosystem are embedding a new way of doing things to ensure that Māori self-determination and partnership is embedded within the system. For example, in establishment documents for Workforce Development Councils and the Charter for Te Pūkenga.

- 5.** Our Ōritetanga Learner Success work programme has been increased to include new tertiary education organisation partners in developing and implementing systematic approaches to building equity. The initial evaluation of our partners' projects informed the further embedding of Te Tiriti o Waitangi in our framework and tools.

- 6.** We have continued our work with Te Hono Wānanga, including the implementation of new funding to support the role of the Wānanga sector.

Te tau kua hipa

Our year at a glance

We implemented COVID-19 response funds to support learners impacted by the pandemic

19,242

LEARNERS HAVE
**RECEIVED
FINANCIAL
ASSISTANCE**

HARDSHIP FUND FOR LEARNERS

The Hardship Fund for Learners helps tertiary education organisations provide financial assistance to their learners who are facing hardship due to the COVID-19 pandemic.

13,696

INDIVIDUAL
**LEARNERS
RECEIVED
SUPPORT**

TECHNOLOGY ACCESS FUND FOR LEARNERS

The Technology Access Fund for Learners helps tertiary education organisations support learners to continue to access tertiary education and training that has been disrupted due to COVID-19.

MORE THAN

144,000
**LEARNERS
RECEIVED
SUPPORT**

THE TARGETED TRAINING AND APPRENTICESHIP FUND

The Targeted Training and Apprenticeship Fund supports learners to undertake vocational education and training without fees from 1 July 2020 to 31 December 2022. Over 2,000 vocational education programmes and qualifications are eligible for support. This equates to \$196.4 million in funding.

OVER

30,000

**MORE LEARNERS WERE
ENROLLED IN PROVIDER-
BASED STUDY IN
APRIL 2021 COMPARED
TO APRIL 2020**

MEETING INCREASED LEARNER NEED FOR TERTIARY EDUCATION INITIATIVE

This initiative provides funding to manage the cost of additional tertiary education enrolments in Student Achievement Component and Community Education. Additional funding of \$96.2 million was allocated to tertiary education organisations.

We supported people displaced from work due to COVID-19



The Online Careers Planning Solution programme delivered Skill Net – launched with 60 careers practitioners to use with their clients

Skill Net was created as a COVID-19 response to help people displaced from work to see alternative occupation options using transferable skills. Users select roles they have had in the past and see recommendations of other occupations that require similar skills.



Direct Career Services (DCS) was launched in October 2020 in response to people being displaced from work due to the COVID-19 pandemic

We provided a free national face-to-face and over-the-phone personalised career guidance service. This included pop-ups and career information events.

9,425
PEOPLE
SUPPORTED
BY DIRECT
CAREERS
SERVICES

6,594
FACE-TO-FACE
ACROSS ALL
POP-UPS AND
FACE-TO-FACE
CAREER
GUIDANCE

1,868
PHONE/ONLINE
SCHEDULED AND
COMPLETED
APPOINTMENTS

963
FACE-TO-FACE
SPOKE WITH AT
48 CAREER
INFORMATION
EVENTS

In November 2020 we launched a four-year campaign to shift the perception and raise the profile of Vocational Education and Training (VET)

The campaign seeks to improve the perception of VET; increase participation in VET; and target COVID-19-impacted audiences to highlight that VET provides an opportunity to upskill or retrain.

The campaign is changing perceptions of VET and driving action or intention to participate. The research shows 29 percent of learners are more likely to consider VET if they have seen the campaign. This consideration increases to 31 percent with Māori and Pacific people who have seen the campaign.





Our Inspiring the Future programme launched nationally for all primary and intermediate schools in May 2021

Inspiring the Future is a programme to connect children from ages 7-13 with volunteer role models from the world of work, in a fun and inspiring event. To date, we have attracted over 1,000 role models to start the sign-up process, with over 300 completing the process and becoming visible on the website for teachers to select and invite to events.



We tested our Learner Success Framework for Aotearoa New Zealand – a blueprint for change transformation

We concluded piloting the approach with four tertiary education organisations (Waikato Institute of Technology, Te Wānanga o Raukawa, University of Waikato, and Manukau Institute of Technology). We are now working in partnership with Te Pūkenga to support the adoption of the Learner Success Framework across its network of subsidiaries. We have also partnered with the University of Canterbury and the Aspire 2 Group to further roll out the Framework across the tertiary education system.

The Reform of Vocational Education achieved significant milestones

Six Workforce Development Councils (WDCs) established in June 2021

WDCs are a foundational component of the Reform of Vocational Education (RoVE) and will provide greater industry leadership across all aspects of the vocational education and training system.

The Construction and the Food and Fibre Centres of Vocational Excellence (CoVEs) began their establishment phases in September 2020

The objective of the CoVEs is to drive innovation and excellence in vocational education by strengthening links with industry and communities and through sharing high-quality curriculum and programme design.

The first two Transitional Industry Training Organisations (TITOs) transitional plans were endorsed by the Board of Commissioners in July 2021

One of RoVE's key changes is transitioning the role of supporting workplace learning from industry training organisations to providers.

In response to COVID-19, the establishment of Regional Skills Leadership Groups (RSLGs) was accelerated by creating interim RSLGs from June 2020

The interim groups were mandated to support the recovery from the impacts of COVID-19 on regional labour markets by providing on-the-ground local intelligence.

In 2020/21 we spent over

\$3.8 billion

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

This \$3.8 billion investment differs from the \$2.7 billion reported in our financial statements as a result of a \$1.1 billion COVID-19-related accounting adjustment. Refer to page 124 for further details.

We funded:

8

UNIVERSITIES

3

WĀNANGA

11

INDUSTRY TRAINING ORGANISATIONS

**TE PŪKENGĀ
AND ITS**

16

SUBSIDIARIES

224

**TEC-FUNDED
PRIVATE TRAINING
ESTABLISHMENTS**

515

OTHER ORGANISATIONS

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

23,892

**PAYMENTS TO TERTIARY
EDUCATION
ORGANISATIONS IN
2020/21**

**We engaged
with our customers
and stakeholders**

- › Our Relationship Managers, Investment (RMIs) held 925 engagements across our 63 largest tertiary education organisations.
- › During 2020/21 our customer contact group received 28,168 calls from customers and participated in 5,711 webchats. They also received:
 - › 10,474 Fees Free enquiries
 - › 18,518 Fees Free statutory declarations, and
 - › 37,220 enquiries from tertiary education organisations.
- › Our Business and Partnerships team established strong connections and relationships within the regions to support the learner journey.
- › We continue to support all parts of the RoVE ecosystem, including the RSLGs and WDCs, which are an area of focus this year and we continue to maintain our expanding stakeholder base of local government, industry and employers, iwi/Pacific communities and education sector agencies.
- › The Business and Partnerships team has held close to 800 engagements in the last year and has a growing database of over 150 stakeholders.

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A man with a beard and a yellow shirt is smiling and looking towards the camera. He is wearing a black glove on his right hand, which is raised towards the top right of the frame. The background is a blurred industrial setting with wooden pallets and metal structures.

Wāhanga tahi: Kupu whakataki
Part one: Introduction

Ko tā te Kaihautū whakataki

Tena koutou katoa. Kei te tino harikoa au ki te whakatakoto atu i te Pūrongo ā-Tau a Te Amorangi Mātauranga Matua (TEC) 2020/21.

Hei tīmatanga māku ka tuku mihi atu ki ō tātou ākongā mō tō rātou aumangea me te ū haere tonu ki ā rātou akoranga ahakoa ngā uauatanga ka pā atu nā te KOWHEORI-19. Ki ō tātou hoa whakarato mātauranga matua, ka tino mihi atu ki a koutou e whakapau kaha ana ki te tautiaki i te whakaratoanga whakaakoranga me ngā akoranga, ki te whakatutuki anō hoki i te tonu nui ake mō ngā rēhitatanga mātauranga matua puta noa i te tau. Tēnei te mihi atu anō ki ō mātou hoa maha i te rāngai mātauranga matua me te aramahi mō koutou i pūkeke tonu, i mahi tahi tonu ki te whakatutuki i ngā uauatanga o te tau kua hōri.

He tino aronga o Te Amorangi Mātauranga Matua i tēnei tau kua hipa ko te tautoko i te rāngai mātauranga matua i a ia e urupare ana me te whakaora i te KOWHEORI-19. Kua arotahi tā te TEC haumi ki te tautoko i te rāngai kia aumangea, kua urutau ki ngā āhuatanga hurihuri o te wā. Ka whai wāhi ki tēnei te urupare ki te tino pikinga nui rawa o ngā rēhitatanga mātauranga matua i ēnei tau tata nei. Kua whakawhānuitia atu taea arotahi ki te tautoko i ngā kaimahi kua kore mahi kia uru atu ki te whakangungu me ngā piatanga, ki te whakarato pūtea whakapāwera ā-rawa hei tautoko i ngā ākongā kua wehe atu i ā rātou mahi akoranga, ko te whakapāwera ā-moni te take, me te whakarite ka whakapuaki te mātauranga me te whakangungu ahumahi i ngā pūkenga e hiahiatia ana e ngā ahumahi me ngā kaitukumahi o Aotearoa.

Ahakoa te kaha arotahi o ngā mahi a te TEC i tēnei tau kua pahika ki te tautoko i te rāngai mā te urupare me te whakaora mai i te KOWHEORI-19, e haere tonu ana ā TEC mahi taki me te rāngai ki te tautoku i ngā panoni taumata pūnaha ka taea mō te angitu me te aumangea haere tonu. Ka whai wāhi ki tēnei ā matou tikanga haumi hei whakatinana i ngā whakaarotau a te Kāwanatanga me ā mātou anō whāinga rautaki mō te mātauranga matua me ngā pūnaha aramahi ki anamata.

E arahina ana te mahere a TEC mō āpōpō e te Rautaki Mātauranga Matua (TES) hou i whakaputaina i te mutunga o te 2020. He kaha te aro a te TES ki te waihanga taiao mātauranga e aro ana ki te ākongā, e angitu ai te nui ake o ō tātou ākongā, inarā ērā e pēhia rāwatia ana e ngā uauatanga. Kei roto hoki te arotahi ki te whakarite kia whakawhanake ngā ākongā katoa i ngā pūkenga taketake kaha, me te whakamahi hononga ki ngā hapori me ngā ahumahi. Kua whakaae te Poari TEC, i runga anō i te urupare ki ngā whāinga a te TES me ngā Whakaarotau Ako me te Mātauranga ā-Motu, ki te whakapūmau i tētahi rautaki whakahaere ka whakarato i te anga whakakapi mō ā mātou mahi katoa hei whakahaere.

Ko tētahi mahi matua a te Poari ko te tautoko haere tonu i te kaupapa Ōritetanga Learner Success me tōna kokenga whakamua ki roto te wāhanga whai ake. Kua whakamahi ngā akoranga mai i ngā kaupapa whakamātau ki te whakawhanake i tētahi mahere mō te whakatinana haere tonu o tētahi anga mō te angitu ākongā puta noa i te rāngai mātauranga matua katoa mai i te tau 2021 haere ake ki te whakapai ake i te mana ōrite me ngā putanga o ngā ākongā whai uauatanga. E kite ana te Poari he mea waiwai te kokenga haere tonu o te anga Ōritetanga Learner Success kia whaimōhio ai ā mātou whakataua haumi ā ngā tau e heke mai nei, me te aha ka whai hua ōrite ngā ākongā katoa i ā rātou akoranga mātauranga matua.

Ko te tau kua hipa he tau anō i nui ai ngā nekenekehanga mō te Whakahoutanga o te Mātauranga Ahumahinga. I kitea te kaha whakapau kaha puta noa i te rāngai ki te hoahoa i te anga kaupapahere tērā ka arataki i ngā wae matua o te whakahounga. Ka huri te aro ināiane ki te wāhanga whai ake o te kaupapa, ki te whakawhiti atu me te kōmitimiti i te taurira whakapuaki hou hei hanga i ngā hinonga hou mō te whakapuaki i te mātauranga ahumahinga ā muri ake nei. Ina oti, ko te kawataua nei ka whakapuaki te taurira hou i ngā putanga pai ake ki ngā ākongā, kaitukumahi me ngā hapori, ka mutu, i te pūnaha mātauranga me te whakangungu aramahinga e nui ake ai te whakamahine me te toitū.

Ko te tikanga anō hoki o tā te TEC arotahi ki te hunga ākongā, ko te puta o ngā hua ki ngā hapori me ngā kaitukumahi. Kua urupare atu te hōtaka mahi aramahi a te TEC ki ngā hiahia ake e pupū ake ana nā te taiao KOWHEORI-19 e noho nei tātou, ahakoa e auaha ana i tētahi pūnaha aramahi mō āpōpō tērā ka tautoko i ngā tāngata o Aotearoa ki te whakatere i tō rātou anō ara mahi i roto i te ao mahi e hurihuri haere ana. Hei te tau e tū mai ana ka arotahi tonutia ngā huarahi aramahi o ngā tāngata katoa o Aotearoa, taitamariki mai, taipakeke mai, te whakatutuki anō hoki i ngā hiahia pūkenga mō tō tātou ōhanga ki anamata.

Hei tautoko i te whakamahere tōtika i ngā mahi, kua tuhia e TEC he huinga putanga whakakotahi e kapi ai te TES me tā mātou Rautaki Whakahaere TEC hou. Mā te whakamahere i ā mātou mahi ki aua putanga ka whakarite kia whai wāhi ngā whakaarotau a te Kāwanatanga me te Koronga me te Matakitenga a TEC ki ā mātou mahi katoa.

Hei kupu whakamutunga, me whakamahi i ōku hoa o te Poari mō ā rātou mahi whakaruruhau, pāhekoheko anō hoki. Mō te taha ki te Poari, me mihi atu ka tika ki ā mātou kaimahi TEC me te Rōpū Kaihautū Matua mō tā rātou whakapau kaha, ū anō hoki ki te tautoko i te rāngai i ēnei wā taumaha.



Jenn Bestwick

Board Chair, Tertiary Education Commission

Board Chair's foreword

Tena koutou katoa, it is with great pleasure that I present Te Amorangi Mātauranga Matua, the Tertiary Education Commission's (the TEC) 2020/21 Annual Report.

I would like to begin by acknowledging our learners for their continued resilience and commitment towards their studies despite the challenges thrown at them by COVID-19. To our tertiary education provider colleagues, I want to acknowledge your tremendous efforts in not only maintaining the provision of teaching and learning but also meeting the significant increase in demand for tertiary enrolments over the year. To our many partners across the tertiary education and careers sector, I want to thank you for your continued dedication and collaboration in meeting the challenges of the last year.

Supporting the tertiary sector through the COVID-19 response and recovery has been a major focus for the TEC over the past year. The TEC's investment has focused on supporting the sector to be resilient and adaptive to the changing circumstances we find ourselves in. This includes responding to the single largest increase in domestic tertiary enrolments in recent years. That same focus has also extended to supporting displaced workers into training and apprenticeships, providing hardship funding to support existing learners who may have exited study due to financial hardship, and ensuring vocational education and training delivers the skills needed by New Zealand industry and employers.

Whilst much of the TEC's effort in the past year has been focused on supporting the sector through the COVID-19 response and recovery, the TEC has continued to work in partnership with the sector to identify positive system-level changes to enable future success and resilience. This includes using our investment levers to deliver on the Government's priorities and our own strategic goals for the future tertiary education and careers systems.

The TEC's blueprint for the future is guided by the new Tertiary Education Strategy (TES) which was published in late 2020. The TES has a strong emphasis on creating education environments that are learner-centred and where more of our learners, especially our most disadvantaged learners, can succeed. This includes a focus on ensuring all learners can develop strong foundational skills and on leveraging connections with communities and industry. In response to the objectives of the TES and the National Education and Learning Priorities, the TEC Board has agreed an organisational strategy that provides the overarching framework for all the work we do as an organisation.

A priority for the Board has been the support for, and continued strong progress of, the Ōritetanga Learner Success project, which is now moving to the next phase. Lessons from the pilot projects have been used to develop a plan for rolling out the adoption of a learner success framework across the entire tertiary education sector from 2021 onwards to improve equity and outcomes for disadvantaged learners. The Board sees continued progress and momentum in implementation of the Ōritetanga Learner Success framework as critical to informing our investment decisions in future years so that all learners can benefit equally from tertiary studies.

It has been another year of significant progress for the Reform of Vocational Education. There has been a huge effort across the sector to design the policy framework that will guide the major components of the reform. The focus for the next phase of the programme now turns to the transition and integration of the new delivery model to create the new entities that will deliver vocational education in the future. Once completed, we expect the new model to deliver better outcomes for learners, employers and communities and a vocational education and training system that is more streamlined and sustainable.

The TEC's focus on learners also means delivering for communities and employers. The TEC careers work programme has responded to the immediate needs arising from a COVID-19 environment whilst also shaping a future careers system that supports all New Zealanders to navigate their own career paths within a constantly changing world of work. The focus for the coming year will be to continue to support the career pathways of all New Zealanders, both young and old, whilst also meeting the future skills needs of our economy.

To support efficient work planning, the TEC has mapped a unified set of outcomes that covers both the TES and our new TEC Operational Strategy. By planning our work around these outcomes, we will ensure that everything we do delivers to the Government's priorities and the TEC's Purpose and Vision.

Finally, I would like to acknowledge my fellow Board members for their stewardship and collaboration. On behalf of the Board, I want to thank our TEC staff and Executive Leadership Team for their continued effort and dedication in supporting the sector during these challenging times.



Jenn Bestwick
Board Chair, Tertiary Education Commission



Ko tā te Tumu Whakarae whakataki

E harikoa ana anō au ki te tāpae i te Pūrongo ā-Tau a Te Amorangi Mātauranga Matua (TEC) 2020/21.

He tau toritori anō, angitu anō te tau kua hipa i haere tonu ai tā mātou kokenga i te whakapuaki i ā mātou whakaarotau mō ngā pūnaha mātauranga matua me te aramahi.

I pau te nuinga o tō mātou aro i te tau kua hipa ki te āta mahi tahi me ō mātou kaiwhakarato, umanga rāngai hoki kia haere tonu ai ā mātou mahi ki ngā ākongā i te wā o te KOWHEORI-19. Tēnei au, i tēnei taiao tino hihiri tonu, te mihi atu ki ō mātou hoa mō tō rātou aumangea, kaha urupare āno hoki. Nā ā mātou mahi ngātahi i te roanga atu o te tau kua hori kei te wāhi tika mātou ki te whakatutuki i ngā wero me ngā whāinga wāhi kua tau mai nā te mate urutā.

Ko tētahi o ngā papānga o te KOWHEORI-19 ko te pikinga nui o ngā rēhitanga i te rāngai mātauranga matua i te tau kua hipa nā te tokomaha kua ngaro ō rātou tūnga mahi, ā, e hiahia ana ki te whakangungu mō mahi kē. Nā te TEC tētahi urupare tere i hautū ki te whakarite kia tautoko haere tonutia ngā ākongā me ngā kaiwhakarato mā te ara tino pai rawa ka taea. Nā te kōhukihuki ka hiahiaitia i taua uruparenga ka whakaarotau anō mātou i ā mātou matapakī ki te rāngai, ā, i ētahi wā, me whakarite i te hoahoa me te whakapuaki o ngā kōkiri matua i te wā kotahi. Ko tētahi taura ko te whakatū i Direct Careers Services. I runga anō i te pātuitanga ki te Careers Development Association of New Zealand kua āwhina mātou i ngā kairapu mahi neke atu i te 9,000 ki te whakapakari i te māia me te hoki atu ki te mahi.

Kua koke whakamua tā mātou mahi whakapai i te mana ōrite me te toiara mō ngā ākongā katoa. Kua whakamātauria tā mātou Anga Angitu Ākongā e ētahi whakahaere mātauranga matua, ā, ka mōhio mātou mai i ngā hua ko tēnei te ara tika hei whāinga ki te whakakore i te kore ōritenga o ngā putanga mō ngā ākongā whai uauatanga. Kua whakahāngaitia ngā akoranga mai i ngā kaupapa whakamātau ki te whakawhanake i tētahi mahere mō te whakatinana haere o te Anga puta noa i te rāngai mātauranga matua katoa mai i te 2021 haere ake.

Ka haere tonu te Whakahoutanga o te Mātauranga Ahumahinga (RoVE) i runga i te tere me te tutukinga o ētahi inenga koke matua i te tau kua hipa, tae atu ki te whakatūnga o Te Pūkenga, te kaiwhakarato mātauranga matua tino nui rawa o Aotearoa. Kua whakapūmautia ētahi Kaunihera Whanaketanga Ohu Mahi hou e ono, he whanaketanga hira tērā i roto i te rāngai mātauranga aramahinga me te whakangungu. Kei ngā kaunihera he tirohanga whakamua, rautaki anō hoki o ngā hiahia pūkenga mō āpōpō o ngā ahumahi. He nui tonu ngā mahi hei whakatutukinga puta noa i te hōtaka RoVE, engari e mārāma tonu ana te arotahi, me tā mātou āta whai wāhi atu ki ā mātou kaiwhaipānga puta noa i te rāngai ahumahinga.

Ko tētahi mahi hira mō tā mātou hōtaka mahi aramahi ko te whakarewatanga o te hōtaka Whakaohoho Hinengaro mō Āpōpō. Ka whakamahi tauira tēnei hōtaka mai i ngā rohe o Aotearoa ki te whakaatu i ngā hua o te kanorau haeretanga o ngā huarahi aramahi, me te whakapātaritari i ngā aukatinga kore mōhio tērā ka pā kino pea ki ngā kōwhiringa aramahi a ō tātou rangatahi i ngā kura. Taea noatia tēnei rā, kua kukume mai neke atu i te 1,000 tāngata tauira ki te tīmata i tā rātou rēhitatanga. Tā mātou e whai nei, kia whakatinanahia e te ono ōrau o ngā kura i te iti rawa i ēnei marama 12 e tū mai nei, me te arotahi ki ngā kura ōtekaū raro.

I roto i te tau i uakina e mātou he rautaki whakahaere hou he mea ahu mai i te hanga i te pūnaha ka urupare ki, me te whakaea i, ngā hiahia o ngā ākongā, ngā haporī me ngā kaitukumahi. Kua hangaia tā mātou rautaki i runga i ā mātou ūnga ā-whakahaere, ka mutu ka whakarite i te āhua o tā mātou nei whakamana i te Rautaki Mātauranga Matua. E āta mōhio ana mātou i ngā ākongā e panoni ana, e whanake ana mā ō rātou akoranga, me urutau te pūnaha ki te tautoko i ō rātou hiahia, wawata anō hoki. He wāhi tino hira tō tēnei ki tō mātou arotahi ki te ako tūroa. Kua pai tā mātou koke ki te whakahāngai i ā mātou hōtaka mahi matua hei whakarite i te angitu tonu i te whakatutukinga o ngā putanga e whāia mārōtia nei e mātou.

Kua kōkiri i He Marae Tangata, tō mātou ūnga kia noho he whakahaere aro-ki-te-ākongā tūturu, he whakaū i ngā ahurea, he whai i te mana ōritenga anō hoki. I tēnei tau kua haumi pūtea atu ki te whakawhanake i te māramatanga o ō mātou kaihautū ki te āhua e taea ai e ngā whakahaere te whai wāhi atu ki tētahi Aotearoa e nui ake ai te mana ōrite, me te tuitui tāngata i raro i Te Tiriti o Waitangi. Ka whakapakari haere tonu mātou i taua ūnga mā te whakawhanaketanga o tētahi anga raukaha tērā ka tautohu i ngā mōhiotanga, ngā pūkenga me ngā whanonga ka tāmau haere tonutia e mātou puta noa i te TEC.

Hei kupu whakamutunga, mei kore ake i te aumangea me te ūnga ō ā matou tangata ā mātou paetae, kokenga hoki i tēnei tau. Me urutau mātou hei whakahaere ki ngā wero nunui kua tau mai ki tō mātou aroaro, ā, me mihi ka tika ki te tino whakapau kaha a ā mātou kaimahi, ko te nuinga o ēnei kua ngākaunui ki ngā panoni, kua rarau atu ki te mānuka i tēnei tau kua hipa.



Tim Fowler

Chief Executive, Tertiary Education Commission

Chief Executive's introduction

I am pleased to present the Tertiary Education Commission's (the TEC) 2020/21 Annual Report.

It has been another busy and successful year in which we have continued to make progress delivering on our priorities for the tertiary education and careers systems.

Much of our focus over the past year has been to work in close partnership with our providers and sector agencies to continue to deliver for learners through COVID-19. In an environment that continues to be highly dynamic, I want to thank our partners for their resilience and responsiveness. Our combined efforts over the past year have positioned us well to meet both the challenges and opportunities presented to us from the pandemic.

One of the impacts of COVID-19 is that the tertiary education sector has seen a significant increase in enrolments in the past year due to people being displaced from their chosen career paths and wanting to retrain. The TEC has led a rapid response to ensure learners and providers continue to be supported in the best way possible. The urgency of this response meant that we reprioritised our conversations with the sector and in some cases, we had to tackle both the design and delivery of key initiatives simultaneously. An example is the establishment of Direct Careers Services. In partnership with the Careers Development Association of New Zealand, we have helped over 9,000 jobseekers to build confidence and get back to work.

Our work to improve equity and wellbeing for all learners has progressed to a new phase. Our Learner Success Framework has been tested with tertiary education organisations and the results provide us with real confidence that this is the right approach to address disparities in outcomes for disadvantaged learners. We have applied the lessons from pilot projects to develop a plan for rolling out the adoption of the Framework across the entire tertiary education sector from 2021 onwards.

The Reform of Vocational Education (RoVE) continues to progress at pace with some major milestones in the past year, including the first anniversary of the establishment of Te Pūkenga, Aotearoa New Zealand's largest tertiary education provider. Six new Workforce Development Councils are now established, which marks a significant development in the vocational education and training sector. The Councils will have a forward, strategic view of the future skills needs of industries. There is still much

to be done across the RoVE programme but our focus remains clear and we will continue to engage closely with our stakeholders across the vocational sector.

A major highlight for our careers work programme was the national launch of the Inspiring the Future programme. This programme uses role models from across Aotearoa New Zealand to positively showcase the growing diversity of career pathways and to challenge unconscious biases, which may be negatively impacting the career choices made by our young people in schools. To date, we have attracted over 1,000 role models to begin their registrations. Our goal is to reach at least six percent school adoption over the next 12 months, with a focus on lower-decile schools.

During the year we launched a new organisational strategy built around shaping a system that responds to, and meets the needs of, learners, communities and employers. Our strategy is founded on commitments we have made as an organisation and also ensures we give effect to the Tertiary Education Strategy. We recognise that as learners change and grow through their education, the system needs to adapt to support their needs and aspirations. This is a great fit with our focus on lifelong learning. We have made steady progress in aligning our flagship programmes of work to ensure we are successful in delivering the outcomes we are striving to achieve.

We have initiated He Marae Tangata, our commitment to be a truly learner-centric, culturally affirming and equity-minded organisation. During the year we have invested in developing our leaders' understanding of how organisations can contribute to a more equitable and inclusive Aotearoa New Zealand under Te Tiriti o Waitangi. We will continue to build on this commitment through the development of a capability framework that identifies the knowledge, skills and behaviours we will continue to embed across the TEC.

Finally, our achievements and progress this year would not have been possible without the resilience and commitment of our people. As an organisation we have had to adapt to the many challenges presented to us, I want to acknowledge the tremendous efforts of our staff, many of whom have embraced change and risen to the challenges created over the past year.



Tim Fowler

Chief Executive, Tertiary Education Commission



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

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

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

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

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

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

Our statutory functions are set out in the Education Act 2020

Our statutory functions require us to:

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



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

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

Kua whakawhanakehia e mātou he rautaki whakahaere hou

We developed a new organisational strategy

Our new organisational strategy is built around shaping a system that responds to, and meets the needs of, learners, communities and employers. Our strategy will help 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. It will also help ensure that employers and communities have access to the skilled people they need to help them recover from COVID-19 and grow.

Our strategy is founded on commitments we've made as an organisation. We'll honour Te Tiriti o Waitangi and work in partnership to meet the needs and aspirations of Māori learners. We'll also embed Te Ao Māori in our work and strengthen Mātauranga Māori in the system.

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

Through our strategy we are striving to deliver **four big goals**:

- › **Equity** – we'll help build a tertiary education and careers system that helps shape an equitable and inclusive society.
- › **Skills and employability** – we'll work to ensure that the system equips all New Zealanders with the skills and experience they need to find sustainable work and that employers and communities need to recover and thrive.
- › **System responsiveness** – we'll make sure the system is a resilient, accessible and connected system that meets the needs of Aotearoa New Zealand and New Zealanders, now and in the future.
- › **Internal Change** – we'll continue our journey to become a data-savvy organisation that uses convening power, insight and deep system knowledge to shape a system that serves every New Zealander.

To deliver on these goals we are using information, insight, investment and partnerships to pursue **six strategic priorities**:

- › **Skills and equity-focused careers** – develop everyone's skills, knowledge and confidence to find meaningful work throughout their lives.
- › **Responsive skill development** – increase the supply of skills that learners, employers and communities need, at the right time.
- › **Sector capability** – build the capability of tertiary organisations to create transferrable knowledge and create culturally responsive learning environments.
- › **Future vocational education** – ensure vocational education is fit for the future of work through the Reform of Vocational Education (RoVE).
- › **Learner-centred funding system** – shift to a funding system that focuses on learners and incentivises and rewards equitable outcomes for all.
- › **Thriving TEC** – invest in our people and mature our organisation to become a data-savvy, connected and culturally responsive agency focused on strategic delivery.

Our strategy is already driving what we do and how we work. We have a number of significant work programmes under way to deliver on our strategy, including RoVE, our online Career Solution – Tahatū, our Learner Success programme, and a review and redesign of our investment function. We've also enhanced and aligned our business and portfolio planning to ensure we continue to focus on the right areas over the coming years.

Our new operational strategy will guide how we measure and report on our performance

We are developing a performance model to help tell the story of how we are making a difference and ensure we are delivering on our strategy. This model and the associated performance measures will be included in our forthcoming Statement of Intent and reflected in future annual reports.

Kei te whakahāngaitia ā mātou whakahaerenga ki ā te TES hou

We are aligning our organisational work programme to the new TES

The new Tertiary Education Strategy (TES) is distinctive in a number of ways. For the first time, the TES has been integrated with the Statement of National Education and Learning Priorities (NELP) to ensure strategic alignment across the education system, from early childhood through to tertiary. In addition to setting high-level objectives and priorities for the tertiary system, the new TES includes an action plan to help guide the government agencies and education providers implementing it.

The TES has a strong emphasis on creating education environments that are learner-centred and where more of our learners, especially our most disadvantaged learners, can succeed. This includes a focus on ensuring all learners can develop strong foundational skills, and on leveraging connections with communities and industry to create an education system that equips learners and workers to adapt and thrive in a changing world.

We've reviewed our work programme against the TES priorities and the Government actions we are responsible for, and found strong alignment across all objectives and priorities, confirming that the work we are doing strongly supports the Government's vision for the education system. However, we may need to undertake new work to deliver some parts of the actions that government agencies are responsible for. This includes increasing access to te reo Māori and Pacific language-medium provision and pathways, and supporting the development of teaching capability. We have begun work with our partner agencies, including the Ministry of Education and New Zealand Qualifications Authority, to coordinate work to deliver on the TES, with a particular focus on implementing the action plan for government agencies over the coming years.

To support efficient work planning, we have mapped a unified set of outcomes that covers both the TES and our new TEC Operational Strategy. By planning our work around these outcomes, we will ensure that everything we do delivers to the Government's priorities and our Purpose and Vision.

We are working with tertiary education organisations to give effect to the new TES

We have been working with the sector to give effect to the new TES through the current Plan round (for funding from 2022). We published Plan Guidance for Investment from 2022 in December 2020 and updated our investment toolkit in March 2021 to provide additional detail around the specific areas of the TES we want 2022 Investment Plans to consider. We are asking for tertiary education organisations' Plans to lay out a phased approach to respond to TES objectives and priorities in this Plan round and to carry out relevant TES actions over the next three to five years. We have engaged with tertiary education organisations throughout 2021 to support this.

We will continue to work with the sector outside of the Plan process

We will communicate our expectations around the TES to better understand what additional information and support we can provide to help tertiary education organisations meet these.

Te arotahi ki te ōritetanga me te hauora

We are focused on equity and wellbeing

All learners should receive the support they need to succeed in education, and achieve sustainable employment and lead fulfilling lives. However, the current tertiary education system does not always deliver an education experience appropriate to the needs of a large group of learners.

The system needs to take a holistic and ‘whole-of-ecosystem’ approach to learner success. Evidence from other jurisdictions that have been able to make a real difference for all learners, demonstrates the need to drive a transformational shift in culture, mindset and attitude.

Responding to the objectives of the Tertiary Education Strategy and National Education and Learning Priorities, the TEC Board has agreed a strategy that provides the overarching framework for all the work we do as an organisation.

We are using all of our system-wide levers

To achieve system-level transformation, we need to use our entire suite of levers in a deliberate and intentional way. We need to send strong signals to the sector and wider stakeholders that learner success is a priority. Our four key levers are:

- › Investment needs to provide the right incentives to all parts of the system to focus on the needs of learners
- › Monitoring needs to be targeted and meaningful. There should be rewards for strong performance and consequences for poor tertiary education organisation performance
- › Careers information and tools need to redress the information imbalance in the system and allow learners and their whānau to make the best education choices for them
- › We need to lead by example and be much more of a learner-centric, equity-minded and culturally affirming organisation.

Designing an investment approach to drive learner success

Investment is one of the most effective tools we have to deliver on our organisational strategic goals of equity, skills and employability, and system responsiveness. Our Investment Function Redesign programme will result in a more strategic approach to using our levers to fulfil our purpose and realise the vision, as well as designing a more efficient process that supports tertiary education organisations to be more future and improvement focused.

Building on work over the past few years, we are intensifying the use of Learner Success Plans (LSPs). Our assessment of LSPs is used to inform investment decisions and requests for additional funding. Performance against LSP commitments is actively monitored as part of our Relationship Management function.

Complementing LSPs, we are finalising the design of Disability Action Plans (DAPs) which will also soon be required of all tertiary education organisations. DAPs will need to link closely to guidelines set out in Kia Ōrite – the *NZ Code of Practice for an Inclusive Tertiary Education Environment for Students with Impairments*.

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



Strategic Goal 1: Supporting all learners to succeed. More information about the work we do in Strategic Goal 1 is provided from page 42.



Strategic Goal 3: Building provider capability and monitoring performance. More information about the work we do in Strategic Goal 3 is provided from page 54.

Information and engagement to support a learner's ecosystem

Learners have their own connections and relationships in their lives: whānau; friends; hapū; iwi; employers; and community groups. The education system needs to better understand, respond to and use these relationships to ensure tertiary education organisations best meet the needs of learners wherever they are.

We have a number of pieces of work under way related to this goal:

- › Developing relationships with Regional Skills Leadership Groups (RSLGs) and Workforce Development Councils (WDCs), supporting Te Taumata Aronui and implementing a stakeholder approach to enhance the voices of community and iwi
- › Engaging widely with key groups for disabled and neuro-divergent learners, care-experienced learners and refugee background learners. These relationships have been essential in developing tools and guidance, and informing wider policy work
- › Integrating careers tools into wraparound services, targeting those most at risk, including partnering with iwi and Pacific communities.

Building tertiary education organisation capability with our learner success approach

Developing sector capability in learner success requires a holistic focus on leadership, data and interventions. We developed, and have been testing, a Learner Success Framework for the Aotearoa New Zealand context: a blueprint for change transformation.

Over the past three years we have been able to use underspends in Equity Funding to work with tertiary education organisation partners to test the Framework and build tertiary education organisation capability to advance learner success.

We piloted the approach with four tertiary education organisations (Waikato Institute of Technology, Te Wānanga o Raukawa, University of Waikato, and Manukau Institute of Technology). These pilot projects tested the suitability, utility and real-world impacts of the key elements of the Framework against an Aotearoa

New Zealand context. While the Framework has been refined along the way, there is confidence, both within the Tertiary Education Commission and among tertiary education organisations, that this is fundamentally the right approach to addressing disparities in outcomes of learners in tertiary education.

We are now moving to the next phase of the learner success project

Lessons from the pilot projects have been used to develop a plan for rolling out the adoption of the Framework across the entire tertiary education sector from 2021 and out years, including progressively uploading tools and information for the tertiary education sector to use.

In particular, we are working in partnership with Te Pūkenga to support the adoption of the Learner Success Framework across its network of subsidiaries. This approach has been a key factor in Te Pūkenga's development of its new operating model.

We are now working with partners across tertiary sub-sectors who are willing to implement the Framework in totality and change their whole-of-organisation operating models.

We have invited applications for funding from selected tertiary education organisations. The focus is on projects that will:

- › provide lessons for the further design and implementation of the Framework, and
- › have the greatest impact and influence across the rest of the system.

As at 30 June 2021, we have partnered with two further tertiary education organisations (the University of Canterbury and the Aspire 2 Group of Private Training Establishments) to further roll out the Framework across the tertiary education system.

Another important initiative is the establishment of a Learner Success Community of Practice. The Community of Practice will be supported by us but owned by the sector, as a vital means of sharing best practice, raising awareness and providing ongoing mutual support to build learner success capability and capacity across the whole of the sector.

A Case Study: Wintec New Student Enrolment and Retention

Based on lessons from its learner success project, Wintec (a subsidiary of Te Pūkenga) has designed and implemented a New Student Enrolment and Retention (NSEAR) programme. The project has been implemented across the 25 programmes with the lowest completions and highest attrition for Māori and Pacific Learners.

The project is data driven and looks at what interventions are needed and then creates an implementation plan by programme.

Through the NSEAR, Wintec is able to identify exactly where in the journey students are withdrawing from courses. The NSEAR project team collaborated with Māori staff to make sense of the student journey in a way that both Māori and non-Māori staff understood.

The results in the first two years of the project are promising. Wintec now has a precise picture of points of attrition, scale of attrition and remediation:

- › In NSEAR programmes, a three-year trend of falling course completion rates for Māori and Pacific learners was reversed
- › Course completion rates for Māori learners rose from 62 percent to 68 percent in 2020

- › Course completion rates for Pacific learners rose from 64 percent to 67 percent in 2020
[For context: since 2010, Wintec's average annual course completion rate increase for all learners has been 0.2 percentage points.]
- › Retention also increased by close to 25 percent, meaning that 325 more Māori and Pacific learners remained enrolled when compared to 2019.

At an institutional level, the case management support offered during and post lockdowns for those learners who were absent from class showed positive results, with 84 percent of those taura who were case managed remaining on track with their learning.

325

more Māori and Pacific learners remained enrolled when compared to 2019.



Kua taea ētahi tohu nui e te Whakahoutanga o te Mātauranga Ahumahinga

The Reform of Vocational Education has reached significant milestones

The Reform of Vocational Education (RoVE) will deliver the largest changes to the tertiary education sector in 30 years. It will create a strong, unified, sustainable vocational education and training system (the system) that is fit for the future of work and delivers the skills that learners, employers and communities need to thrive.

It is a long-term, complex and deep system reform that is creating a new way of thinking about and delivering vocational education. We are leading this work in collaboration with multiple agencies, including the Ministry of Education, New Zealand Qualifications Authority, and the Ministry of Business Innovation and Employment.

We are seeking to create a vocational system that:

- › is based on collaboration and meets the needs of all learners
- › delivers a consistent experience for learners across Aotearoa New Zealand
- › prioritises traditionally underserved learners
- › is relevant to the needs of employers
- › responds to changing regional and industry needs, and
- › provides stronger industry and regional voices.

RoVE encompasses eight key areas of change:

- › Create a New Zealand Institute of Skills and Technology (now Te Pūkenga)
- › Transition the role of supporting workplace learning from industry training organisations to providers
- › Create Workforce Development Councils
- › Unify the vocational education funding system
- › Establish Centres of Vocational Excellence
- › Establish Te Taumata Aronui
- › Establish Regional Skills Leadership Groups
- › Simplify the design of vocational qualifications.

The policy and legislation surrounding RoVE is clear on the need for the system to **uphold its commitment to Māori-Crown relationships** and improve the system for Māori, this includes Māori as learners, Māori as employers and Māori as partners.

The RoVE programme has adopted a three-phase change approach to implement the structural changes of the reforms

Three phases of change



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



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



Strategic Goal 3: Building provider capability and monitoring performance. More information about the work we do in Strategic Goal 3 is provided from page 54.

This diagram shows our progress against the key areas of change. The establishment of new entities have been significant milestones for the programme, and work is continuing to enable these to become fully operational so they can bring about the outcomes sought.

Pre-RoVE state

16

Institutes of technology and polytechnics (ITPs)

11

Industry training organisations (ITOs)



Two-system funding (provider system and industry training system)



A need for more opportunities for industry, Māori and regions to influence the system

Future state

Establish Te Pūkenga with 16 subsidiaries

Shift role of supporting workplace learning from Transitional ITOs to providers

Establish six Workforce Development Councils (WDCs)

Single funding system with better incentives for equity and workplace learning

Create Centres of Vocational Excellence (CoVEs)

Establish Te Taumata Aronui

Establish Regional Skills Leadership Groups (RSLGs)

Simplify the design of vocational qualifications

ESTABLISHED

UNDER WAY

SIX ESTABLISHED

UNDER WAY

TWO ESTABLISHED

ESTABLISHED

15 ESTABLISHED

UNDER WAY

Establish Te Pūkenga

Te Pūkenga is a new tertiary education institution, which was established in April 2020. It is both employer facing and delivers education to learners. It initially brought together 16 institutes of technology and polytechnics as subsidiaries.

As arranging training functions for many sectors are transitioned over the next 18 months, Te Pūkenga will develop a completely new integrated network of provision for on-the-job, on-campus and online vocational education and training.

As Aotearoa New Zealand's largest tertiary education provider, Te Pūkenga will ultimately have the national and regional reach to become a long-term skills training partner for firms and industries, enabling learners to move between workplaces and other educational offerings and locations as their needs change.

The vocational education system in Aotearoa New Zealand is moving to a system that puts learners in the centre – a shift from fitting life around learning, to learning that fits around people and their worlds throughout their lifetimes.

Te Pūkenga provides a coherent and coordinated national system that also responds effectively to local needs. It allows all regions to share resources, support and accountability to deliver higher performance in vocational education in Aotearoa New Zealand through reducing competition across entities.

The Ākonga (learner) at the Centre research (through Te Rito reports focused on Māori, Pacific people, disabled learners and staff), learner/staff/employer personas and Te Pae Tawhiti Tiriti Excellence network insights will identify support needs for underserved populations to inform Te Pūkenga's operating model.

This coming year Te Pūkenga will complete its high-level operating model design and continue with more detailed design. On-the-job work-based learning will transfer from Transitional Industry Training Organisations (TITOs) into providers, including the interim Work-Based Learning subsidiary of Te Pūkenga. Then once Te Pūkenga's operating model is in place, it will integrate into the new transformed network.

Shift the role of supporting workplace learning from Transitional Industry Training Organisations to providers

We have met significant milestones in transitioning work-based learning. In June 2021, the TEC Board of Commissioners noted the approach for transitioning the Standard Setting Body (SSB) activities of all 11 Transitional Industry Training Organisations (TITOs) to the six Workforce Development Councils (WDCs), which will begin operation on 4 October 2021. The New Zealand Qualifications Authority will also transition some of its SSB activities to the WDCs.

In June 2021, the TEC Board of Commissioners approved the full transition plans for Competenz and Connexis. These are the first two of the 11 TITOs to transition their Arranging Training and Apprenticeship Training Activities to providers in August and September respectively, and SSB Activities to WDCs from 4 October 2021.

We will work closely with Competenz and Connexis, and their receiving organisations (providers and WDCs), to ensure the transitions are successful. We are continuing to work with and support the remaining TITOs as they develop their transition plans for submission to the TEC Board of Commissioners for approval.

Establish six Workforce Development Councils

This year we reached a significant milestone with the establishment of the six new Workforce Development Councils (WDCs). WDCs are industry-led bodies introduced to give industry greater leadership and a stronger voice across vocational education and training.

They will identify current and future workforce needs and advocate for those needs to be met through work with industries, providers, regional bodies and government. WDCs will help shape the curriculum of vocational education to ensure it meets their industries' needs. They will also work with their sectors to ensure that the vocational qualifications and standards set provide learners with skills that are relevant for their current and future places of work.

There are six WDCs comprising the following industry groupings:



Across all of Aotearoa New Zealand's industries, WDCs will:

- › take a forward, strategic view of the future skills needs of industries
- › set standards, develop qualifications and help shape vocational education curriculum
- › provide advice to the TEC on investment in vocational education and determine the appropriate mix of skills and training for industries
- › endorse programmes that lead to qualifications, and
- › provide employers with brokerage and advisory services.

The process of establishing the WDCs was expedited with the impact of the COVID-19 pandemic highlighting the value that industry-led bodies could have in supporting the changing needs of sectors and their workforce. As a result, six interim Establishment Boards (iEBs) of industry leaders were rapidly stood up in July 2020. The iEBs were tasked with progressing governance arrangements and consulting with industry on the core components of the Order in Council, the legislative documents necessary to establish all six WDCs as legal entities.

Shortly after the iEBs were stood up, Te Kāhui Ahumahi, a group comprising of the Māori members across the iEBs, began meeting. Te Kāhui Ahumahi provided significant input into the application of Te Tiriti o Waitangi and the WDC approach to supporting Māori-Crown relationships during the development of the Orders in Council and the subsequent design of the WDCs.

The Orders in Council legislation for each WDC came into effect on 11 June 2021 and decisions about appointments to WDC governing councils have been made.

A WDC Establishment Unit was set up in February 2021 to support the fast start of the six WDCs. The unit will enable the new council members to make decisions at their first council meetings, on items such as operating models, the location of offices and the appointment of WDC Chief Executives. All six WDCs are on track to be operational from 4 October 2021.

In the next year WDCs will continue to establish services and operations with guidance and support from the TEC. Qualifications and Assessment Standards will be transferred from the New Zealand Qualifications Authority to WDCs. The WDCs will then become fully operational, i.e. developing qualifications, setting standards, endorsing programmes, etc.

Unifying the vocational education funding system

We are working closely with the Ministry of Education on developing a Unified Funding System (UFS). We are moving from two disconnected systems for Provider Funding and Industry Training Funding to a unified system for all tertiary education organisations that is simple, relevant and responsive to learners and employers in vocational education.

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

The UFS underpins the system's ability to meet many user needs. This includes meeting the needs of learners (particularly those learners who have been traditionally underserved by the system), communities and employers. The UFS looks to reward and encourage high-quality education and training, support access to work-based education and training, supply strategically important delivery and allocate funding through simple and transparent mechanisms.

The design work for the UFS is under way focusing on three new funding components: the Funding Category Component; the Learner Component; and the Strategic Component.

The new system will need to be flexible and adaptable. We are developing a system with fundamental differences to the current system (especially in relation to learner success and work-integrated learning) and we will need to be open to adjusting the UFS as we learn about the effects of the new system on achieving our outcomes.

In this next year, the project will complete operational policy design and development, communicate and engage with the sector on the design and implementation of the UFS, and support the TEC business and process changes to implement the UFS.

It is expected that the new funding system will be rolled out from 1 January 2023.

Establish Centres of Vocational Excellence

Centres of Vocational Excellence (CoVEs) will play a significant role in driving innovation and excellence in vocational education, by strengthening links with industry and communities.

The first two pilot CoVEs were established this year and are a Construction CoVE and a Food and Fibre CoVE. The learnings from these pilots will help inform the establishment of additional CoVEs. The scope and coverage of future CoVEs could be defined by industry, occupation or by type of delivery, for example, kaupapa Māori, online learning or foundation education.

Each CoVE operates as part of the vocational education system, working closely with Workforce Development Councils, Regional Skills Leadership Groups and Te Pūkenga. CoVEs support the growth of excellent vocational education with a focus on teaching, learning and research. They also support the development and sharing of high-quality curriculum and programme design and address issues and opportunities with a significant strategic impact, ideally with wide-reaching benefits across the sector. They will solve real problems and grasp viable opportunities.

The specific functions and activities of each CoVE are directed by a consortium of stakeholders and providers from their industry, rather than by the Government. By having such strong input and direction from their stakeholders, the CoVEs are empowered to support the growth of excellent vocational education in a way that genuinely reflects the needs of their industry.

Establish Te Taumata Aronui

Te Taumata Aronui was established to help ensure that the reform reflects the Government's commitment to Māori-Crown partnerships. A key priority of RoVE is to better recognise the needs of Māori communities and acknowledge that Māori are significant employers with social and economic goals. Te Taumata Aronui will advise Ministers and officials on how tertiary education can better respond to the diverse needs of Māori learners, whānau, communities and employers. They have a strategic-level focus, starting with the Reform of Vocational Education.

The group is finalising their priorities and aspirations for Māori success and developing a vision with tertiary education Te Tiriti o Waitangi framework, which will be published soon. The group is focused on driving transformational change, underpinned by three focus areas:

- › A sustained focus on equity for Māori learners and staff
- › A sustained and deep effort towards Mātauranga Māori
- › Mana-enhancing relationships with iwi/Māori communities.

Establish Regional Skills Leadership Groups

Regional Skills Leadership Groups (RSLGs) have been established to identify and support better ways of meeting future skills and workforce needs in Aotearoa New Zealand's regions and cities.

The RSLGs include regional industry leaders, economic development agencies, iwi and government representatives who contribute their knowledge and local expertise. In consultation with local stakeholders, RSLGs will produce Regional Workforce Plans that identify labour supply needs, identify local activity that addresses these, and inform the related activities of regional stakeholders and Central Government. Delivery of the first RWPs is planned for 30 June 2022.

In response to COVID-19, the establishment of RSLGs was accelerated by creating interim Regional Skills Leadership Groups (iRSLGs) from June 2020. These interim groups had a more immediate focus, with a mandate to support the recovery from the impacts of COVID-19 on regional labour markets by providing on-the-ground local intelligence.

Throughout the year, iRSLGs have produced regular Local Insights Reports (LIRs), which provide qualitative labour market information that is not currently collected systematically by Central Government or anywhere else. The LIRs provide a basis for engagement across each region to develop a common understanding of its labour market and have informed the workforce-planning activities of both local industry and Central Government. LIR production will continue under the permanent RSLGs, supported by an overview of the current regional labour market opportunities and challenges supplied by the interim groups. This is intended to give permanent RSLGs a head start in developing their Regional Workforce Plans.

Interim RSLGs ceased on 31 August 2021 and were replaced with permanent RSLGs.

Co-Chairs, including an iwi/Māori Co-Chair for each group, have been appointed for each of the 15 permanent RSLGs. The RSLGs are part of a joined-up approach to regional economic development and labour market planning that will see the welfare, education and immigration systems working together to better meet labour force needs across Aotearoa New Zealand.

Simplifying the design of vocational qualifications

Working with key partners and stakeholders, the New Zealand Qualifications Authority (NZQA) is working to simplify the design of vocational qualifications to enable seamless transition for learners between on-the-job, on-campus and online vocational education and training. This work will deliver to the needs of industry by enhancing the consistency of graduate skills and knowledge and enhancing the portability of qualifications across different regions and employers.

The NZQA engaged extensively with a wide range of stakeholders between March 2020 and June 2021. Three formal consultation proposals were developed and consulted on between April and June 2021, to:

- › ensure that vocational qualifications meet the needs of students and employers either through what is currently in the Education and Training Act 2020 or by further simplification through replacing training packages and programmes with a 'national curriculum'
- › replace training schemes with micro-credentials, and
- › enable WDCs to develop micro-credentials for providers to deliver.

Four hundred and twenty-eight submissions on the consultation were received.

There was a significant diversity of views expressed across the options from both industry/employers and tertiary education providers.

Cabinet considered and agreed to the recommendations from the consultation in August 2021.

Later this year NZQA will transfer qualifications and standards to WDCs. NZQA will be working on a redesign of its Quality Assurance Framework and making changes to its Business and Information systems.

Other RoVE activities

In November 2020, the Chief Executive of the TEC, as RoVE's Senior Responsible Officer (SRO), received the Treasury's independent peer review of the programme governance and methodology. The review provided minor recommendations and an action plan was implemented to give effect to the recommendations. This included a second independent member being appointed to the Programme Board, as well as additional information on delivery confidence in key milestones being provided to the TEC Board of Commissioners.

The RoVE Operational Blueprint, which is a detailed model of how the new system will operate, was developed to guide the programme in designing the new system. It will also help inform our work around our operational readiness for RoVE, as well as explaining how each entity will operate by itself, in conjunction with others and as part of the entire system.

The RoVE programme received funding in Budget 2021. The funding is for the second of three phases of the programme: The Transition and Integration Phase. The funding sought to retain capability and to build a data interface (for the UFS) to support the Transition and Integration phase.



We are focused on supporting the new RoVE institutions

In February 2020, we set up an internal project to design and implement the processes and activities that will enable and support the new RoVE institutions and ensure that we support the achievement of the RoVE outcomes. In the period through to July 2021 the project has:

- › begun regular quarterly monitoring of Te Pūkenga's operational activities and transformation programme
- › worked with the RoVE TITO Transition project to prepare for the transition of Arranging Training functions to Te Pūkenga and other receiving providers. This work will require processes to continue evolving as different components of the system stand up over the next two years
- › developed funding agreements and documentation to support the WDCs in their first year. We have worked with the WDC Establishment Unit regarding the funding model and the Establishment Plans, and
- › convened and led a design group with the WDC Establishment Unit and the Ministry of Business Innovation and Employment (on behalf of the RSLGs) to support the design of WDC and RSLG reports, including those that will be used by us to inform our work, such as funding decisions and the design of careers tools.

We also commenced the development of a performance and monitoring framework for WDCs and an engagement model to support new and transitioning RoVE institutions (WDCs, TITOs, Te Pūkenga, other providers that will receive arranging training functions, RSLGs and CoVEs). Together, the performance and monitoring framework, and engagement framework, will enable our staff to work closely with the new institutions as they establish and mature, ensuring that they are carrying out their legislative functions in a way that gives effect to the intended outcomes of RoVE.



Kua whakatinanatia tā te Kāwanatanga urupare KŌWHEORI-19 We implemented the Government's COVID-19 response initiative

The COVID-19 pandemic presented many challenges and opportunities for the education sector. Many of the challenges facing the tertiary education sector are not new but the impact of COVID-19 has accelerated many that already existed.

We acted quickly to meet the needs of learners and displaced workers by allocating COVID-19 response funds to tertiary education organisations.

For the tertiary education sector, the Government's COVID-19 response and recovery investment was focused on ensuring the sector was resilient and responsive to change. At a high level, that investment focused on four targeted areas:

- › **Being ready for increasing demand as a result of forecasted unemployment.** We received additional grant funding (over four financial years) so that tertiary education providers could respond to any additional demand in priority areas.
- › **Supporting displaced workers into training and apprenticeships.** We received Targeted Training and Apprenticeship funding that allowed vocational education to be Fees Free over the immediate period of forecasted economic decline. We received additional funding to establish the Direct Careers Guidance Service, in partnership with Careers Development Association of New Zealand, and to develop Skill Net to help people displaced from work to see alternative occupation options using transferable skills.
- › **Retaining existing learners and apprentices.** We allocated Hardship funding for existing learners who may have exited study due to financial hardship and funding for Group Training Schemes for existing 'at-risk' apprentices who may have lost their in-work training due to loss of employment. We supported tertiary education organisations through the Technology Access Fund to help learners continue to access tertiary education and training through online learning.

- › **Ensuring vocational education and training delivers the skills needed by industry.** We received additional funding for the accelerated stand up of Workforce Development Councils (WDCs) which is part of the Reform of Vocational Education (RoVE). Six new WDCs were established in June 2021. Their establishment and ability to begin engaging with relevant stakeholders will increasingly influence our investment rounds.

While implementation of recovery initiatives placed a strain on our capacity (involving significant reprioritisation of staff resourcing and work plans), we remain in a good space to continue to ensure the ongoing delivery and monitoring of those initiatives. We continue to make and plan for improvements to our general business operations as part of our drive for continuous improvement.

This targeted investment improved the support available to learners and displaced workers looking to move to new careers or to continue to progress within their existing careers through developing new vocational skills or education.

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



Strategic Goal 1: Supporting all learners to succeed. More information about the work we do in Strategic Goal 1 is provided from page 42.



Strategic Goal 3: Building provider capability and monitoring performance. More information about the work we do in Strategic Goal 3 is provided from page 54.

Supporting displaced workers into training and apprenticeships

Targeted Training and Apprenticeship Fund

The Targeted Training and Apprenticeship Fund (TTAF) continues to support learners to undertake vocational education and training without fees from 1 July 2020 to 31 December 2022. Over 2,000 vocational education programmes and qualifications are eligible for the TTAF, including all apprenticeships and those studying in target areas at sub-degree level. This equates to \$196.4 million in funding.

More than 144,000 unique learners have been supported by the TTAF, including more than 70,000 apprenticeships; 20 percent of these learners identify as Māori, 9 percent Pacific Peoples, and 30 percent of all learners are female.

The number of target areas increased from six to eight in January 2021 in support of industry skill needs during Aotearoa New Zealand's recovery period from the impacts of COVID-19. In addition to the extension of the existing community support target, newly created conservation and information technology target areas were added to the existing areas: primary industries, construction, manufacturing and mechanical engineering and technology, electrical engineering and road transport (vehicle operations). Construction (33 percent), community support (18 percent) and primary industries (18 percent) are the top three target areas.

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

Careers System Online – Tahatū

In 2020 Cabinet approved the budget bid for the online careers planning solution, \$15 million of capital expenditure has been allocated over two years for its development and \$11.48 million operating expenditure to sustain the solution in future years. As at 30 June 2021 we spent a total of \$5.7 million capital and \$1.2 million operating expenditure.

The Online Careers Planning Solution programme delivered its first product, called Skill Net, in late February 2021. This was created as a COVID-19 response to help people displaced from work to discover alternative occupation options using transferable skills. Users select roles they have had in the past and see recommendations of other occupations that require similar skills. Skill Net was developed in close collaboration with learners, whānau, teachers and careers development agencies.

Design and development work is also under way on a full online careers planning solution that is forecast to be delivered in the latter part of 2022.

Direct Career Services

In 2020, the TEC received \$3.37 million to establish Direct Career Services as a response to job losses arising from COVID-19. We have partnered with the Career Development Association of New Zealand (CDANZ) to provide direct careers guidance across Aotearoa New Zealand. The service includes both over-the-phone and face-to-face provision. Over 9,000 people have received careers-related assistance since the Direct Career Service was established.

Retaining existing learners and apprentices

Hardship Fund for Learners

The Hardship Fund for Learners (HAFL) was established in May 2020 to help tertiary education organisations provide financial assistance to their learners who were facing hardship due to the COVID-19 pandemic. It is used to cover any basic living costs that the tertiary education organisations' currently enrolled learners were unable to meet. This includes (but not limited to) food, utilities, rent or other unexpected expenses.

From the HAFL, 19,242 individual learners have received 39,622 instances of financial assistance (some learners may receive multiple types of support), totalling over \$19.5 million (excluding GST). This includes: 6,837 individual learners who identify as New Zealand European/Pākehā, 6,906 individual learners who identify as Māori and 3,516 learners who identify as belonging to one or more Pacific nations.

On 12 April 2021, Cabinet agreed to extend the HAFL for the 2021 calendar year with \$10 million in funding (\$4.197 million from within Vote Tertiary Education and the balance, \$5.803 million, from Budget 2021). Extending the funding for the HAFL ensured support was available to learners experiencing hardship to stay engaged in their learning, during a period when they were impacted by the pandemic and had no additional support from student loans or allowances.

Group Training Scheme Support Fund

The Group Training Scheme Support Fund has enabled Group Training Schemes to retain apprentices in employment throughout the COVID 19 recovery period. Funding of \$15.96 million has been provided to seven Group Training Schemes to support apprentices to remain engaged in apprenticeships and to ensure host employers can continue to support apprentices with on-job training.

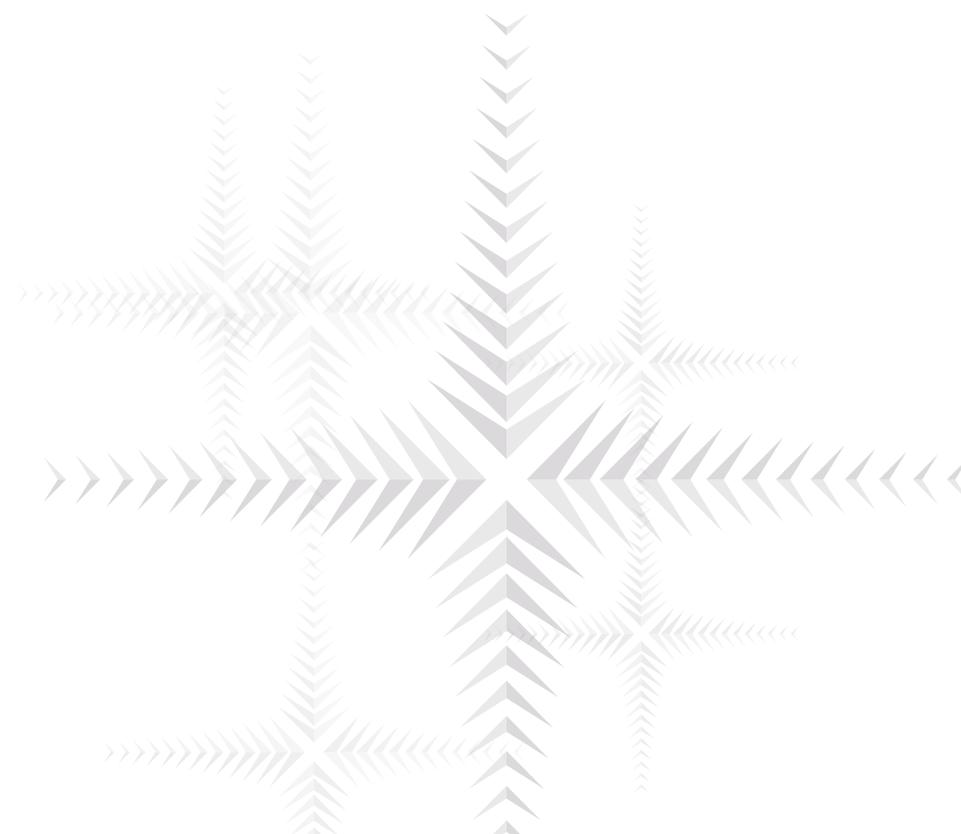
Funding has primarily been utilised to extend wage and training subsidies, to waive host employer fees and to engage apprentices in additional off-job training as required. Over 2,300 apprentices have been supported to remain engaged in training.

Technology Access Fund for Learners

The Technology Access Fund for Learners (TAFL) helps tertiary education organisations support learners to continue to access tertiary education and training that had been disrupted due to COVID-19.

Tertiary education organisations did this by providing access to devices, internet connections, operating systems, software and technical support to their learners who were unable to access online learning.

Since the fund was introduced in May 2020, 13,696 individual learners have received 21,240 instances of support (some learners may receive multiple types of support). This includes: 4,536 individual learners who identify as New Zealand European/Pākehā, 4,998 individual learners who identify as Māori and 2,566 learners who identify as belonging to one or more Pacific nations.



Ensuring vocational education and training delivers the skills needed by industry***Workforce Development Council and Transitional Industry Training Organisation COVID-19 Response Projects Fund***

The Workforce Development Council (WDC) and Transitional Industry Training Organisation (TITO) COVID-19 Response Projects Fund was established in August 2020. The purpose of the fund is to enable TITOs and WDCs to lead COVID-19 response projects that support the recovery of industry from the impacts of COVID-19. Funding is granted through application rounds, which enables TITOs and WDCs to undertake projects through an iterative three-phase process: scoping, investigation and design. The fund is open to applications from TITOs and WDCs until June 2022.

During the application round in 2020, the fund received applications for 51 projects from ten TITOs. Of these applications, 15 projects across ten TITOs were approved for funding, worth over \$9 million. These projects will deliver a diverse range of outputs and are unpinned by strong industry involvement. Funded projects include the creation of post-COVID-19 workforce strategies, supply and demand forecasting tools, marketing campaigns targeted towards building workplace diversity and resilience and technology-enabled learning solutions.

Along with supporting TITOs, the intention of the Fund is to also support WDCs to lead COVID-19 response projects. However, due to the timing of their establishment, no funding was provided to WDC projects in 2020/21.

Workforce Development Councils Establishment Fund

In Budget 2020, \$46 million was appropriated for the establishment of Workforce Development Councils (WDCs) to support COVID-19 recovery. WDCs are a foundational component of the Reform of Vocational Education (RoVE) and will provide greater industry leadership across all aspects of the vocational education and training system.

The highly consultative process used to develop the Orders in Council for the establishment of the WDCs led to the timeframe for their establishment differing from that expected at Budget 2020. The six WDCs were formally established in June 2021.

The initiative spent \$4.8 million to establish the six WDCs. The majority of the spend focused on the operating model and planning the information and communications technology (ICT) requirements for the six WDCs. The spend on resourcing was lower than initially estimated.

We responded to increased learner demand

During the 2020 calendar year, the overall number of learners enrolled in tertiary and vocational education has increased due in part to the Government's COVID-19 response initiatives. This increase in enrolments has been a turnaround from previous years, which had been stable or in gradual decline.

There have been significant increases in demand in the Student Achievement Component (SAC) and the Industry Training Fund (ITF). The initial demand picture showed an upward trend, particularly with more mature students wanting to return to tertiary study mainly at post graduate study level, as well as increased enrolment in areas covered by the Target Training and Apprenticeships Fund.

As at April 2021, the number of learners enrolled in SAC level 3 and above increased over 12 percent across all sub-sectors and levels. The Te Pūkenga sub-sector had the largest increase in enrolments, followed by the University, Private Training Establishment and Wānanga subsectors. Foundation-level enrolment increased following years of decline and there was a significant boost in apprentice numbers.

Meeting Increased Learner Need for Tertiary Education initiative

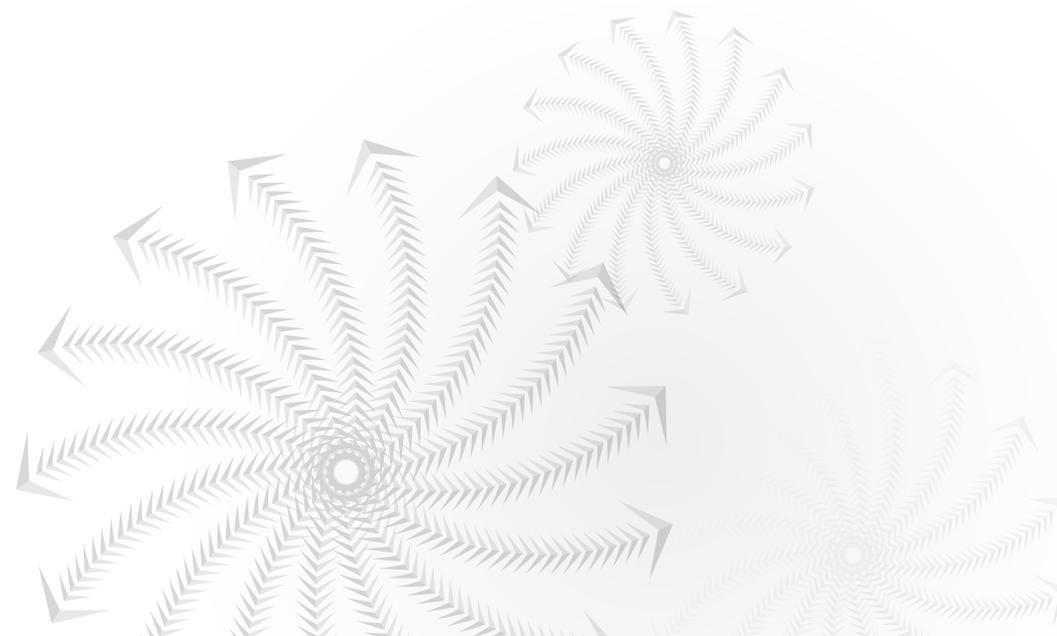
Over 30,000 more learners were enrolled in provider-based study in April 2021 compared to April 2020.

This initiative provides a total of \$334.1 million to manage the cost of funding additional tertiary education enrolments in Student Achievement Component and Community Education, from 1 January 2021 to 31 December.

\$96.2 million of additional funding from this initiative was allocated to tertiary education organisations between 1 January 2021 and 30 June 2021 to fund increased enrolments.

The Industry Training Fund

To manage the increasing demand for apprenticeships, the Industry Training Fund was bolstered by transfers of \$25 million within Vote Tertiary Education for 2021 and reprioritisation of \$42 million from unspent 2020/21 funding.



Kua ānga haeretia tā mātou kaupapa ara mahi

We have gained momentum in our careers work

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

Supporting all New Zealanders prepare for, and adjust to, the changing world of work for better employment and wellbeing outcomes is a key focus of our career work programme. This also supports our wider focus on lifelong learning.

We know through our own research that there are opportunities to improve the current provision of careers information and support. In light of job losses arising from COVID-19 and the ever-changing world of work, the design of a fully integrated and interactive online careers solution has become a high priority.

Some New Zealanders currently experience barriers when trying to access high-quality, culturally affirming, career information and support in the way they need it, when they need it, for themselves and their whānau. It is not always easy to identify learning and employment pathways when the line-of-sight between study and career options is often unclear. The lack of a consistent and high-quality careers solution also limits the ability of guidance counsellors in schools to provide full support to students.

Over the short term, Tahatū supports the Government response to COVID-19 to help displaced workers find alternative employment options. In the long term, Tahatū will enable people to identify education and training pathways that support their aspirations, have increased confidence in career planning and have personalised career plans.

Replacing the existing careers.govt.nz website, Tahatū will provide an online career planning solution that provides targeted career guidance for all New Zealanders, in particular, those currently underserved by the careers system. It will connect occupation, training and study data to help connect employers, government agencies, learners and their whānau, schools and tertiary providers.

Tahatū complements our other careers initiatives:

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

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



Strategic Goal 1: Supporting all learners to succeed. More information about the work we do in Strategic Goal 1 is provided from page 42.



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

The Tahatū work programme has focused on two initial deliverables in the past year:

- › **The first deliverable, launched in February 2021, is a job-to-job matching tool called Skill Net.** This was created as a response to COVID-19 to help people displaced from work understand their current skills and find alternative employment options using their transferable skills. Skill Net was developed based on considerable research and design with users. A closed group of career practitioners tested Skill Net directly with their clients. By selecting roles they have had in the past, users were able to view recommendations for other occupations that required similar skills.
- › Additional enhancements were added to Skill Net in April 2021. These enhancements include estimated pay information, display of transferable skills when browsing occupations and links to live job ads through *TradeMe* and *Seek*. Valuable feedback from the 60 end users testing Skill Net has helped inform the design of the second deliverable. This includes a focus on simplifying language to fit various levels of literacy, job titles needing to be more reflective of the Aotearoa New Zealand context and improving the search function.
- › **Our second deliverable (reprioritised due to COVID-19 and initial focus on Skill Net) is a pilot release in 2022.** The pilot consists of an early release of high-priority functionality so this can be thoroughly tested with real users before the public launch of the full Tahatū solution.
- › The pilot includes a self-discovery tool called 'Build Your World' and the ability to explore occupations that have been localised to reflect the Aotearoa New Zealand context.
- › The pilot will be available to a closed group of secondary school teachers and learners. The pilot will also include a closed group of career practitioners, employment coordinators from the four Oranga Tamariki Youth Justice Residences and the Employment and Training Consultants working with prisoners who are preparing for a return to the community. The pilot provides us with an opportunity to test a small roll out into schools and also into the more challenging environments where the internet is not connected, allowing us to gain valuable feedback.

What this pilot means for our audiences:

- › **10-19-year-olds:** A fun and engaging tool where they build their world, reflect on 'why' interests, skills, values and places are important to them and explore options.
- › **Schools:** Early release to pilot schools to validate classroom integration of 'Build your world'.
- › **Career practitioners:** Career theory tells us that self-discovery is the foundation for good career conversations.
- › **Government/agencies:** Oranga Tamariki and Ara Poutama can use the tool in supported settings with people in their care to reflect on their motivations, interests and future, and to explore options.
- › **Whānau and supporters:** a tool that supports a kōrero about what's important to you. Sharing will be 'over the shoulder' and through print/pdf.

A 'picture of success' for teachers and schools has been developed to ensure support for the teacher/career practitioner and/or support person for those in Youth Justice or Ara Poutama care.

Throughout 2022 we will continue to test and release further features

Testing of significant features for the full Tahatū solution is continuing with our priority, primary and secondary audiences, including their key support people/influencers (whānau, teachers, the Career Development Association of New Zealand, the Careers and Transition Education Association) to ensure that features will meet users' needs.

Progressive releases of further features will occur throughout 2022, following the pilot. The list of schools, government departments and career professionals utilising the wider solution will grow as features are developed and bundled for release. For example, Ministry of Social Development frontline workers need both occupations and study/training options, including pathways, before the solution is of value to them in their day-to-day roles.

A plan for the transition from careers.govt.nz is currently being developed to ensure as seamless process as possible between the old and new sites.

Direct Career Services

Direct Career Services (DCS) was launched in October 2020 in response to people being displaced from work due to the COVID-19 pandemic. The original approach approved by Cabinet in August 2020 was to have a free, temporary, national over-the-phone personalised career guidance service and pop-ups providing career advice in ten locations.

We have partnered with the Career Development Association of New Zealand (CDANZ) to provide direct careers guidance across Aotearoa New Zealand. We led the roll out and coordination of the service, which included both over-the-phone and face-to-face provision under contract with CDANZ members who hold career-specific qualifications and meet rigorous professional standards.

From 19 October 2020 to 28 June 2021, the DCS has supported a total of 9,425 people across all of its services. The majority of clients are using face-to-face services. This is particularly so for Māori, 39 percent of whom are accessing the service face-to-face as opposed to 6 percent via the phone. Feedback from career practitioners shows that affordability of the service is enabling access for approximately 90 percent of their clients.

We have worked closely with the Ministry of Social Development (MSD) to create a valuable one stop solution for jobseekers, an end-to-end service delivery model that directly supports jobseekers within the newly established Connected sites throughout Aotearoa New Zealand, with outreach into community libraries and communities. DCS represents an example of how two government agencies have partnered to deliver outcomes that neither agency could do by themselves.

Direct Career Services will continue through to June 2022

Because of the success of this temporary service, we agreed to enter into a partnership with MSD to continue the service until 30 June 2022. We continue to deliver career guidance over-the-phone and face-to-face services based in 33 MSD sites across the country.

Direct Career Services helps displaced worker to gain employment

A recent client story from New Plymouth exemplifies the strength and speed of this partnership and the rapid impact it can have for clients who previously had little to no access to professional career guidance. This led to a very positive result, allowing the client to go straight into work without needing financial support.

“Last Thursday afternoon a guy rushed into the New Plymouth MSD and was looking around the kiosks. He had just been made redundant from his job that day.

“He had three young children and a wife and said he was desperate to get a new job, he had been in the same job for ten years and didn’t have a CV.

“The Career Practitioner (CP) was available that day and worked with him straight away and had his CV ready the same day. An MSD Employment Case Manager started looking at the jobs available through Work and Income. At the same time, the CP heard about a potential job that would be a good fit.

“The staff arranged for him to meet with an employer on Wednesday morning. The employer said he had a great attitude and they were keen to take him on.

“... he is accepting the job.”

The Inspiring the Future programme

Inspiring the Future (ITF) is a programme to connect children from ages 7-13 with volunteer role models from the world of work, in a fun and inspiring event. 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 future.

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

ITF launched nationally for all primary and intermediate schools in May 2021, attended by the Minister of Education at Avalon Intermediate in Wellington.

The programme is accessed via an online platform www.inspiringthefuture.org.nz, where volunteers register to be role models and where schools can login to host an inspiring the future event. Schools can select role models in their community for a physical event or from anywhere in New Zealand for an online event.

Physical in-school and online events were tested and refined following feedback from ten pilots around different regions in New Zealand over the previous 18 months. Online event functionality was developed as a result of COVID-19 and has the additional benefit of role models participating in locations where they are not physically located, increasing role models accessibility to participate and potentially provide a broader range of role model attributes to be available.

To date, we have attracted over 1,000 role models to start the sign-up process, with over 300 completing their criminal record checks and becoming visible on the website for teachers to select and invite to events. Over the next 12 months we will continue our marketing and engagement campaigns to attract role models and schools to the platform, as well as further developing the sign-up process to improve the user experience. Our goal is to reach at least six percent school adoption over the next 12 months, with a focus on lower-decile schools.



Vocation Nation Campaign

In 2019 Cabinet agreed to the Reform of Vocational Education (RoVE) to create a strong, unified, sustainable system for all vocational education that delivers the skills that learners, employers and communities need to thrive. RoVE also offers an opportunity to build momentum and raise the profile of vocational education so that more people view it as a highly desirable pathway into employment.

In 2019, Cabinet approved funding of \$4.45 million for a four-year campaign to shift the perception and raise the profile of Vocational Education and Training (VET).

There are three main objectives of the campaign: to improve the perception of VET; increase participation in VET; and target COVID-19-impacted audiences to highlight that VET provides an opportunity to upskill or retrain.

The campaign targets three key audiences: learners; influencers; and employers. Learners include those at secondary school, adult learners and those needing to upskill or retrain, particularly as a result of COVID-19.

Influencers includes parents, whānau, teachers and career advisors. The campaign also has a focus on Māori, Pacific people, disabled people and women.

The campaign launched in November 2020 with activity generated by social media influencers, followed by a full market launch in early December 2020. Four months after the launch, the Research Agency (TRA) undertook quantitative research to measure campaign performance.

Results from TRA's research report indicates that the campaign is performing well against its objectives, with positive metrics across all of the core audiences, especially amongst Māori and Pacific people.

The campaign is resonating with learners, 80 percent of those who have seen the campaign feel more positive about vocational education and training as a result. They feel VET is on the way up and they are more likely to believe VET gives them status.

There has also been a significant shift in perception, with 72 percent of Māori and Pacific people who have seen the campaign saying that VET gives them status, versus 39 percent for those who have not seen the campaign.

The campaign is changing perceptions of VET and driving action or intention to participate. The research shows 29 percent of learners are more likely to consider VET if they have seen the campaign. This consideration increases to 31 percent with Māori and Pacific people who have seen the campaign.

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

- › 62 percent of Māori or Pacific people aged 16-64 years (344,655)
- › 71 percent of women 16-64 years (1,111,044)
- › 67 percent of Māori or Pacific women aged 16-64 years (174,830).

Ministry of Social Development job seeker data has been used to target COVID-19-impacted audiences in key regions, using digital and social media to communicate VET as an opportunity to retrain or upskill. Audience engagement has been high, with more than 5.7 million videos watched through to completion to date.

Overall, the campaign is having a positive outcome across all the audiences, in particular, amongst Māori and Pacific people. Perceptions are shifting and this transfers through to behaviour, with indications of a follow-through to participation.



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

KO Ō MĀTOU WHĀINGA RAUTAKI

OUR STRATEGIC INTENTIONS

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

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



— The following —
**STRATEGIC
GOALS**
drive our **focus** and
delivery and **reflect**
Government priorities,
policies and the
Education Portfolio
Work Programme.



SUPPORTING ALL LEARNERS TO SUCCEED

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

.....



CONNECTING EDUCATORS AND EMPLOYERS

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

.....



BUILDING PROVIDER CAPABILITY AND MONITORING PERFORMANCE

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

.....



INCREASING RESEARCH QUALITY AND CAPABILITY

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

.....



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



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

Work relating to this Strategic Goal includes	found in section	on page(s)
Equity and wellbeing (learner success)	Part Two: Our contribution to government priorities	18 to 20
Our pandemic response work		29 to 33
Our careers work		34 to 38
Our investment round process	Strategic Goal 1: Supporting all learners to succeed	43
Fees Free		46
Secondary Initial Teacher Education		46



Our funding decisions will support learners to achieve and will help build our economy following the COVID-19 lockdowns

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

Investment for 2020

In response to the COVID-19 pandemic, the Minister of Education announced that we would not be required to recover any Investment Plan funding because of either poor Educational Performance Indicators or under-delivery during the 2020 year. This provided greater certainty to TEOs, enabling them to focus on providing ongoing support to their learners without having to worry about cash flow.

We continued to consider requests for additional funding throughout 2020 for tertiary education organisations that had increased demand. This included additional funding to Transitional Industry Training Organisations during the year to support their increase in apprenticeships and those areas covered by the Targeted Training and Apprenticeship Fund.

Investment for 2021

Between July and December 2020, we agreed funding allocations for 2021 with all On-Plan providers. Over \$2.7 billion of funding to more than 270 tertiary education organisations was considered and approved by our Board of Commissioners.

Our funding decisions were informed by an assessment of the performance of tertiary education organisations against our Education Performance Indicators, such as course completion rates by ethnicity. We also looked at the overall quality of tertiary education organisations' Investment Plans and Learner Success Plans to ensure they were focused on inclusion and achievement for all learners and especially traditionally underserved learners.

We prioritised funding where the education and training proposed to be delivered by tertiary education organisations was consistent with the Government's and the TEC's strategic priorities. Our decisions supported areas of significant growth, such as vocational training and apprenticeships.

Where appropriate and possible we also considered regional need and post-study outcomes. Before making funding recommendations, we checked that the tertiary education organisations had the capability and financial viability to deliver. These were important considerations, given the stress suffered by some organisations as a result of lockdown and border closures.

Investment for 2022

During 2020/21 we reviewed and updated the process and timeline for our Investment Round for 2022 funding to streamline the process. Key changes include:

- › a simplified indicative allocation process that recognises the impact of COVID-19 implications to delivery and performance information, and
- › a single submission date for all tertiary education organisation Plan documentation.

Our tertiary learners

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

In 2020 there were

430,000 TERTIARY LEARNERS IN AOTEAROA

61% WERE NZ EUROPEAN | **20%** WERE MĀORI | **16%** WERE ASIAN | **10%** WERE PACIFIC PEOPLE

3% WERE MIDDLE EASTERN/LATIN AMERICAN/AFRICAN

(LEARNERS CAN IDENTIFY AS MORE THAN ONE ETHNICITY)



23%
were entering tertiary education for the first time



53%
were 25 or older



53%
were female



47,000
were international students
(11,000 fewer than in 2019)¹

What were they doing beforehand?



39%
WERE IN WORK



27%
WERE IN SECONDARY EDUCATION



13%
WERE IN TERTIARY EDUCATION



11%
WERE OVERSEAS

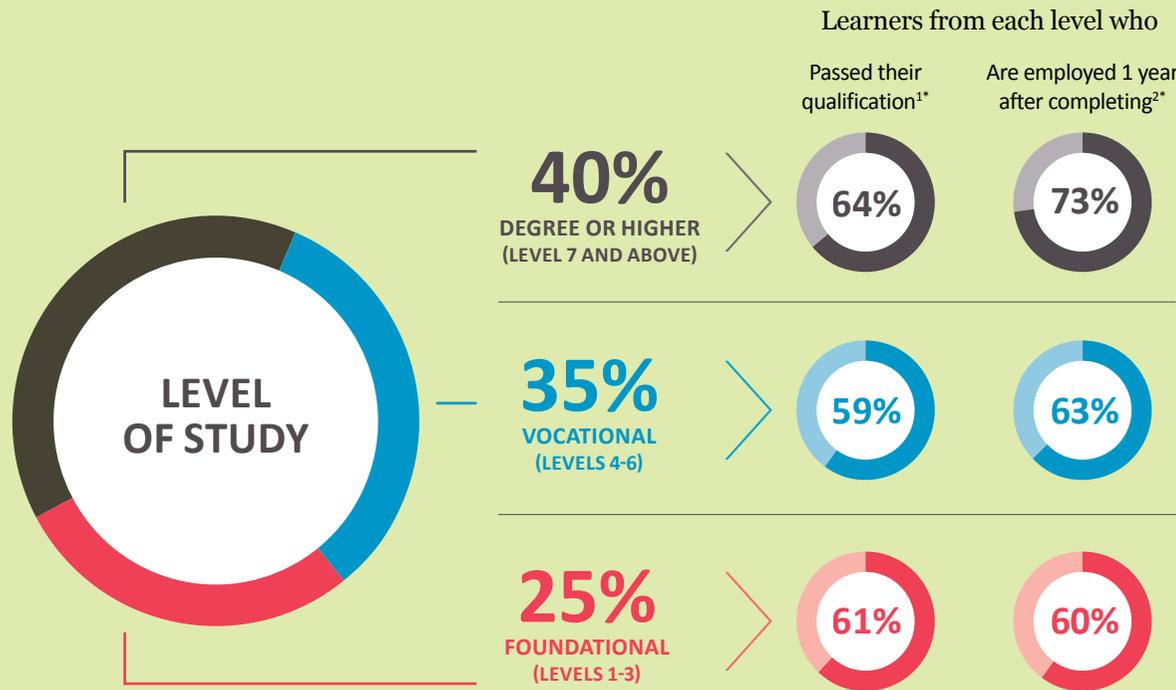


7%
WERE ON A BENEFIT



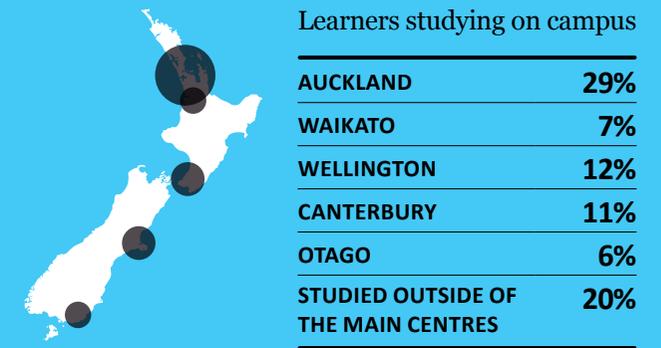
3%
OTHER
(RETIRED, STAY-AT-HOME PARENT, OTHER)

What level are they studying at?



Based on 2020 SDR and ITR data, except where noted otherwise: ¹SDR data only; ²2018 IDI data; ³2019 school leavers. *Based on past cohorts.

Where and how did they study?



15%

of learners studied extramurally
(16,600 more than in 2019)



66%

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



128,000

learners were in work-based education (industry training)



We administer the Government's Fees Free tertiary education policy

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

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

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

We monitor Fees Free to ensure tertiary education organisations and learners understand and are acting within the Fees Free policy and seek to protect the Government's investment.

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

We received two silver awards (*Marketing Communication and Best use of Digital and Social Media*) at the 2021 Public Relations Institute of New Zealand awards for the successful 2021 marketing campaign encouraging learners to check their eligibility.

We are working to increase enrolments in Secondary Initial Teacher Education

Alongside the Ministry of Education, we have been working together with the sector to increase enrolments and qualification completions for secondary Initial Teacher Education (ITE). The Ministry of Education projections suggest a steady growth in the demand for secondary teachers above the projected level of teacher supply, resulting in a potential shortfall of approximately 2,200 secondary teachers by 2025.

In response, we have provided the sector with clear guidance that secondary ITE is a priority, with annual targets for growth in secondary ITE provision (20 percent increase in 2020, 30 percent in 2021 and 40 percent in 2022 – from a base of 905 students who started in 2018) and with funding incentives to support growth sustainably.

Despite fearing a negative impact on enrolments due to COVID-19, these have instead increased significantly. As of April 2021, student enrolments in secondary ITE qualifications have already increased by 40 percent (or by 295 students) when compared to enrolments in April 2020.

To determine the actual annual increase in secondary ITE enrolments we will assess full year-end data. We will also continue to monitor growth. However, it seems that the sector has met the 2021 target.

Alongside the Ministry of Education, we will continue to support the sector to ensure the number of qualified secondary teachers meets the future workforce demand needs. Meanwhile, secondary ITE providers can also benefit from initiatives as part of a broader programme to meet teacher workforce demands, such as: expanding accessible pathways into teaching; funding more student places through our ITE providers; awarding scholarships to people training to be teachers; and supporting new teachers into their first roles through a grant programme.

Te pārongo inenga, ahunga hoki Measures and trend information

All learners					
Measure	Group	2020			2019
		Target	Result	Actual data	Actual data
Percentage of students completing qualifications at level 7 degree and above (Note 1):					
All learners	All learners	Improve on previous year's result	Improved	64.1%	63.1%

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

Māori learners							
Measure	Group	2020 Parity gap Target	2020 Result	2020 Actual data	2020 Parity gap	2019 Actual	2019 Parity gap
Percentage of students completing qualifications at level 7 degree and above (Note 1):							
Māori learners (relative to non-Māori and non-Pacific learners)	Māori	Improve on previous year's result	Improved	49.6%	-17.7%	48.1%	-18.3%
	Non-Māori and non-Pacific			67.3%		66.4%	

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

Pacific learners							
Measure	Group	2020 Parity gap Target	2020 Result	2020 Actual data	2020 Parity gap	2019 Actual	2019 Parity gap
Percentage of students completing qualifications at level 7 degree and above (Note 1):							
Pacific learners (relative to non-Māori and non-Pacific learners)	Pacific	Improve on previous year's result	Not improved (Note 2)	49.5%	-17.8%	49.0%	-17.4%
	Non-Māori and non-Pacific			67.3%		66.4%	

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

Note 2 – Even though a slightly higher percentage of Pacific learners achieved qualifications this year, the parity gap increased. There was a small increase in the percentage of Pacific learners achieving qualifications (.5%), however, there was a larger increase in the percentage of non-Māori and non-Pacific learners completing qualifications (.9%) resulting in a small increase in the parity gap (.4 of a percentage point).

Learning and work decisions

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

Note 1 – The survey was sent to a TEC list of 14,368 people who had previously interacted with the careers.govt.nz website and provided their details. Respondents had visited the careers.govt.nz website in the last 12 months. There were 570 respondents to the survey invitation with 435 questionnaires completed.





Te whakahono kaiwhakaako ki ngā kaiwhakawhiwhi mahi

Connecting educators and employers



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

Work relating to this Strategic Goal includes	found in section	on page(s)
The Reform of Vocational Education	Part Two: Our contribution to government priorities	21 to 28
Our careers work		34 to 38
Working with our sector partners	Strategic Goal 2: Connecting educators and employers	51
Centres of Vocational Excellence		51
Our careers website		52



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

As part of the development of Tahatū, we are actively engaging with industry to understand the future skill requirements so that there is alignment between the career aspirations of New Zealanders, the skills they develop and the future demand for these skills.

For the education sector, we have developed ‘a picture of success for schools’ to help guide the prioritisation of feature development. This has been tested with 20 secondary school teachers; 25 principals (via Evaluation Associates Workshop); key Ministry of Education teams; Career and Transitions Association of New Zealand; the Career Development Association of New Zealand (CDANZ); and a careers academic.

For key stakeholders outside of schools, our Relationship Management team has been instrumental in facilitating introductions and supporting engagement with the Workforce Development Councils, Centres of Vocational Education and Regional Skills Leadership Groups.

In addition, we are establishing four key stakeholder panels to provide input and feedback into the design and development of the new website. The new online career planning solution is a website to replace the existing careers.govt.nz website, which is reaching end of life from a technology perspective.

The four key stakeholder panels are:

- › **Teachers** – made up of 11 secondary school teachers who are reviewing and providing feedback on concepts, designs and will prototype in schools to ensure that the solution will work for them and their learners in a classroom environment.
- › **Industry** – made up of experts to provide advice into design and development, e.g. Neurodiverse, CDANZ, Career and Transition Educators, Employer & Manufacturers Association.
- › **Customer** – made up of learners and our priority audience members (e.g. Māori, Pacific people, neurodiverse, disabled people and women) to test the user experience and ensure it is positive for them all.
- › **Government** – made up of key government agencies (e.g. the Ministry of Education; Ministry of Business Innovation and Employment; Ministry of Social Development; Ministry for Pacific Peoples; Ministry for Women; Te Pūkenga; and Statistics NZ) to gain input and feedback into design and development and to ensure alignment with changes occurring across the sector, such as the curriculum refresh.

We are working with the sector to set up new Centres of Vocational Excellence

The objective of the Centres of Vocational Excellence (CoVEs) is to drive innovation and excellence in vocational education by strengthening links with industry and communities, and through sharing high-quality curriculum and programme design.

Two pilot CoVEs, the Construction CoVE (hosted by the Manukau Institute of Technology) and the Food and Fibre CoVE (hosted by the Eastern Institute of Technology), were selected through last year’s two-stage contestable process. In September 2020, the two successful CoVEs began their establishment phases, which included setting up governance structures, recruiting key staff and working with the TEC to agree on the CoVEs’ immediate work programmes through their Annual Plans.

Alongside their industry partners, both CoVEs have been progressing the early stages of their work programmes, which are comprised of industry-led projects that contribute to the core purpose of each CoVE.

The Workforce Development Councils (WDCs), once established, are expected to have a close working relationship with their respective CoVEs. The CoVEs' research work, which identifies skill and training issues in the primary and construction sectors, will directly support the work of the WDCs.

CoVEs and WDCs are foundational components of the Reform of Vocational Education (RoVE) (see pages 21 to 28 for more information on RoVE).

The careers.govt.nz website provides a publicly available careers information service that includes a database of information about occupations and tertiary education and training

The careers website has always been popular, with an average of four million user sessions per year. However, over the last 12 months we have seen consistent growth and all-time-high user sessions.

People visit our occupation database to get key information about particular jobs, such as pay, training requirements and labour market demand. There are over 400 jobs that are continually updated to reflect changes in demand, such as skill shortages in particular industries. A further 500 jobs were included in research development this year to expand our database to around 900 jobs for our new online career planning solution.

We prioritised accessibility improvements to our website so all New Zealanders can access our information. We updated page designs to make it easier for people with sight issues, improved content for screen readers and added a pop-up chat to help users with low digital literacy get support navigating our information.

To make our content engaging and accessible for young users we reviewed our existing suite of 301 videos on our YouTube channel and created 17 new videos for the occupation database. These videos and the Vocation Nation video campaign led to an increase in views for our channel from 444,566 views last year to 3,659,855 this year. Views were also driven by an increase in subscribers from around 14,000 in 2019 to 17,000 in July 2021. This channel is most popular with young men aged 10-18 years, unlike our other social media, which is more popular with women. This increases traffic to our website from young men.

A funding your study and training section was added to the website to draw attention to Fees Free and the Trade Training and Apprenticeship Fund (TTAF) and encourage learners into vocational education. The popularity of the TTAF page, coupled with the success of our Vocation Nation page, saw a strong increase in users, from 4,116,899 last year to 4,501,425 this year.

As part of our response to the COVID-19 pandemic we redeveloped our CV templates and information, created multi-lingual versions of the Job Hunter Workbook, updated over 100 affected jobs in our occupation database and our labour market pages. This activity meant job seekers affected by COVID-19 could access useful information. Our most popular pages this year were pages on jobs in skills shortage, our CV templates and our job vacancy and recruitment agency pages.

We continued to work with the team at the Ministry of Social Development on the Connected website to develop a one-stop-shop for government services for those affected by the pandemic. This resulted in a new group of people affected by COVID-19 visiting our website.

Te pārongo inenga, ahunga hoki
Measures and trend information

Improving connections			
Measure	2020/21 Target	2020/21 Actual	2019/20 Actual
Key stakeholder satisfaction that the TEC has helped improve connections between schools, tertiary education organisations and employers	At least 31%	32%	Not able to be measured (Note 1)

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



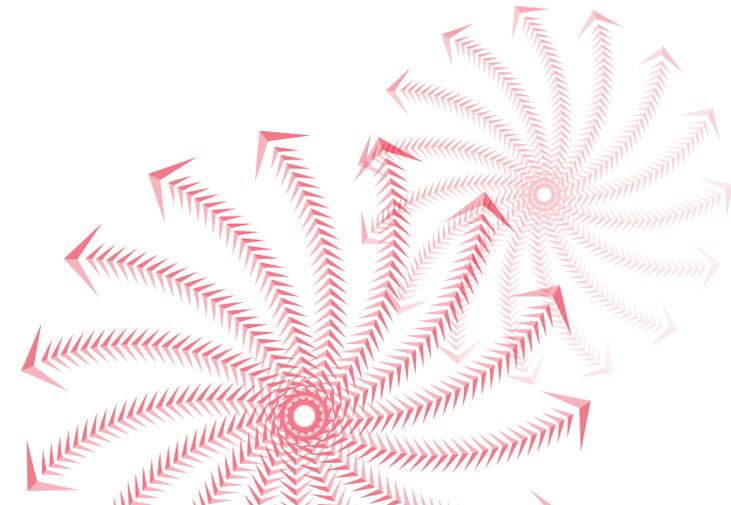


Te whakakaha ake i te āheinga kaiwhakarato
me te aroturuki mahi

Building provider capability and monitoring performance

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

Work relating to this Strategic Goal includes	found in section	on page(s)
Equity and wellbeing (learner success)	Part Two: Our contribution to government priorities	18 to 20
The Reform of Vocational Education		21 to 28
Our pandemic response work		29 to 33
Monitoring tertiary education organisations	Strategic Goal 3: Building provider capability and monitoring performance	55
Building wider sector capability		56



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

We monitor the performance of tertiary education organisations we fund. Our monitoring looks at delivery of education, financial performance, governance and management and provides assurance that tertiary education organisations use government funding in accordance with funding rules to support learner success. Our monitoring functions allow us to respond to risks at both the tertiary education organisation and system level and provide guidance to the sector to help strengthen performance.

We are continuing to work closely with funded providers to assess the financial impacts of COVID-19 and ongoing border restrictions. We meet regularly with university and Te Pūkenga senior management to understand their financial positions and operating contexts, as well as the unique challenges each institution is facing. This supports our ability to provide advice to the Government and assist the sector's response to the impacts of COVID-19. We have prepared reports on the financial position of universities, Te Pūkenga and the funded Private Training Establishment sector.

Given the establishment of Te Pūkenga on 1 April 2020 and the significant transition and transformation it is undertaking, we have an intensive relationship with Te Pūkenga. We have a responsibility to monitor its performance and the wide range of risks it faces as it looks to transform the way it operates and delivers for students, Māori, regions, industry and Aotearoa New Zealand as a whole.

We also have a key role to play in supporting Te Pūkenga to achieve its outcomes and deliver on the wider benefits sought through the Reform of Vocational Education. In 2020, we agreed a memorandum of understanding with Te Pūkenga, which established the principles and approach for our relationship and monitoring engagements. Alongside reporting from Te Pūkenga, we provide formal advice on a quarterly basis to the Minister of Education on Te Pūkenga's performance, the risks it is facing and the responses being taken.

Since the inception of Fees Free in 2018 we have implemented a range of processes to maintain the integrity of the scheme. We work with providers and learners, and undertake a range of monitoring activities, to ensure only those who are eligible can access Fees Free funding. To date our monitoring has identified over 692 false statutory declarations, which has led to four successful prosecutions. This remains a small percentage of the more than 60,000 statutory declarations processed by the TEC since Fees Free was implemented. We have recently seen a noticeable downward trend in false statutory declarations, which can be attributed to improved guidance but publicised prosecutions may also have served as a deterrent.

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

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

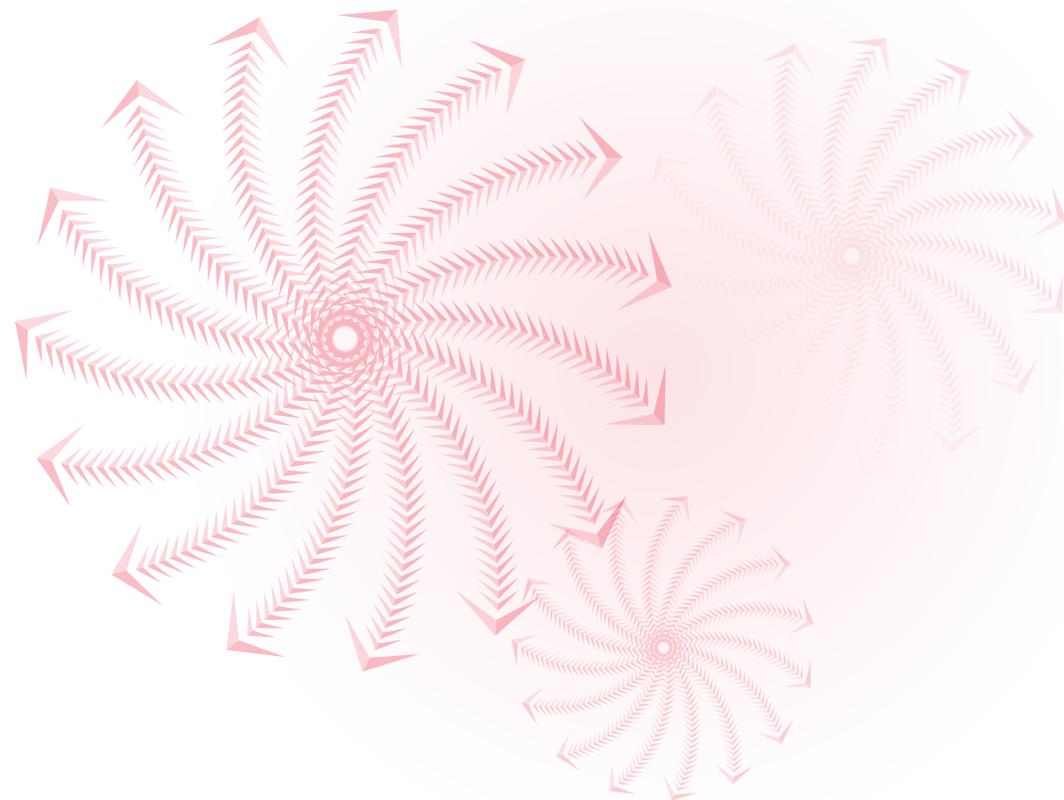
We use our monitoring activities to support tertiary providers to build their own capability and improve the performance of the broader tertiary system. During 2020/21 we published monitoring updates with guidance to the sector on a variety of topics, ranging from compulsory student services fees, changes to the Privacy Act 2020, reporting requirements for the Technology Access Fund for Learners, Hardship Fund for Learners, and Fees Free tertiary education and training statutory declarations.

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

During 2020/21 we successfully advised on, and managed the appointment process for, 32 ministerial appointments to governing councils in the tertiary education sector. This included seven appointments that fell within the period of restraint before the 2020 General Election and were deferred to 2021. One of those appointments was to the governing council of Te Pūkenga and six appointments were to Te Mana Whakahaere of the three wānanga. We also supported the recruitment, and provided advice to the Minister on, 25 ministerial appointments to the first governing bodies of three of the new Workforce Development Councils. In assisting with these appointments we actively supported the goal of achieving 50 percent women membership of State Sector Boards. In governing councils, with ministerial appointments, there was a result of 52 percent woman membership.

The Education and Training Act 2020 made changes that had a significant impact on our governance work. Our response included updating and republishing the Governance Guide for Council Members of tertiary education institutions. We also provided advice on changes to legislation affecting governing councils and disseminated that to the Governance Network of tertiary education support staff and we answered individual enquiries as they arose.

The ongoing impact of COVID-19 meant that our regular programme of Wellington-based inductions and briefings for council members was suspended but meetings deferred from 2020/21 are now scheduled during the remainder of the 2021 calendar year.



Te pārongo inenga, ahunga hoki Measures and trend information

System-wide reviews and educational activities			
Measure	2020/21 Target	2020/21 Actual	2019/20
At least three system-wide reviews completed each year and results shared with tertiary education organisations (Note 1)	Achieved	Not Achieved (2 reviews)	Not achieved (1 review)
At least three educational activities undertaken each year to support the capability of tertiary education organisations and provide information and guidance on their obligations (Note 2)	Achieved	Achieved (5 activities)	Achieved (3 activities)

Note 1 – Two reviews have been completed, with one under way but incomplete. These reviews have continued to be deferred or delayed due to the ongoing impacts of COVID-19 and RoVE.

- › A review of enrolments where learners were repeating qualifications they had previously achieved resulted in a large number of providers correcting their reporting. We provided guidance to the sector on this in our April 2021 monitoring update. We also launched a new Qlik app to support providers in identifying prior achievement of qualifications.
- › We also reviewed the Targeted Training and Apprenticeship Fund settings as part of developing monitoring and audit arrangements, with guidance also provided to the sector in our April monitoring update.

A review of tertiary education organisations that receive Employer-led Workplace Literacy and Numeracy funding is under way, to identify whether there are common compliance of reporting issues across the fund and whether current monitoring arrangements are sufficient. We are also planning a review of Pre-Purchased English Language Tuition, which will likely be completed in 2021/22.

Note 2 – Four monitoring updates were published in 2020/21, providing guidance to the sector across a range of topics. In addition, the Governance Guide for the council members of tertiary education institutions was updated to take account of legislative changes and published on the TEC website. No induction briefings for council members were held in 2020/21 due to the ongoing impact of COVID-19 but a programme of at least three such events is planned for 2021/22.



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

Increasing research quality and capability



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

Work relating to this Strategic Goal includes	found in section	on page(s)
The Performance-Based Research Fund	Strategic Goal 4: Increasing research quality and capability	59
Centres of Research Excellence		61
Centres of Asia-Pacific Excellence		63



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 universities, institutes of technology and polytechnics, wānanga and private training establishments. Following the conclusion of the six-yearly Quality Evaluation Review in 2019, the number of tertiary education organisations eligible to receive PBRF funding increased from 27 to 35.

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

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

Following the Ministry of Education's review of the PBRF in 2019/20, Cabinet decisions on changes to PBRF were made in May 2021. Cabinet decisions for PBRF 2025 broadly followed the review recommendations, including some significant changes to the Quality Evaluation:

- › Increased support for Māori research and researchers through an uplift in funding weightings applied to research submitted to the Māori Knowledge and Development panel and research submitted by Māori researchers
- › Increased support for Pacific research and researchers through an uplift in funding weightings applied to research submitted to the Pacific Research panel and research submitted by Pacific people researchers
- › Along with the Sector Reference Group (SRG), we are exploring a new PBRF definition of research, to more fully reflect the diversity of research excellence across the sector
- › Along with the SRG, we are exploring new criteria for defining new and emerging researchers
- › Along with the SRG we are exploring a 'merit relative to opportunity' concept for recognising the diverse circumstances that can impact researchers' activity and output. This is intended to support more equitable and inclusive outcomes for researchers, including those with disabilities, caring responsibilities and for part-time researchers.

We are convening the SRG, which will meet from September 2021 to July 2023. An SRG has been convened for each Quality Evaluation to date, comprising researchers, research leaders and other relevant stakeholders from across the sector. The SRG is responsible for making recommendations to us on the operational design of the Quality Evaluation, through analysis, public consultation and the development of recommended options.



We continued to fund Centres of Research Excellence

The Centres of Research Excellence (CoREs) are cross-institutional collaborations that support world-leading and innovative research that delivers economic, social, environmental and cultural benefits to Aotearoa New Zealand. Additional activities of the CoREs include training, sharing knowledge with the public, informing policy and fostering innovative ventures, including start-up companies.

CoREs funding of \$50 million per year has supported advances in bio-protection, food science, health and nutrition, earthquake resilience, physical sciences and technology, indigenous scholarship and mathematical modelling.

In 2020, in recognition of the disruption caused by COVID-19, the Government approved an extension of the funding for current CoREs by six months, to a new end date of 30 June 2021.

The latest CoREs contestable round, for funding from 1 July 2021 until 31 December 2028, was completed in 2020. Ten CoREs were selected, including eight of the ten current CoREs. The selection criteria for CoREs were: excellent research; contribution within the tertiary education system; contribution to Aotearoa New Zealand's future development; and governance and management. A new requirement in this round was that all CoREs commit to equity and wellbeing outcomes, including encouraging and enabling diversity and inclusion for Māori, Pacific people and other under-represented groups.

The selected CoREs, with their host institutions, are:

- › **Bioprotection Aotearoa** (Lincoln University)
- › **Coastal People: Southern Skies** (University of Otago)
- › **Dodd-Walls Centre for Photonic and Quantum Technologies** (University of Otago)
- › **Healthy Hearts for Aotearoa New Zealand – Manaaki Mānawa** (University of Auckland)
- › **Ngā Pae o te Māramatanga; New Zealand's Māori Centre of Research Excellence** (University of Auckland)
- › **Riddet Institute** (Massey University)
- › **Te Hiranga Rū QuakeCoRE: Aotearoa New Zealand Centre for Earthquake Resilience** (University of Canterbury)
- › **Te Pūnaha Matatini – Aotearoa New Zealand Centre of Research Excellence for Complex Systems** (University of Auckland)
- › **The MacDiarmid Institute for Advanced Materials and Nanotechnology** (Victoria University of Wellington)
- › **The Maurice Wilkins Centre** (University of Auckland).

The highlight of the year was the award of the Prime Minister's Science Prize to Te Pūnaha Matatini for their work on COVID-19.



Te Pūnaha Matatini received the Prime Minister's Science Prize

In April 2021, Centre of Research Excellence – Te Pūnaha Matatini, was announced as the winner of the 2020 Te Puiaki Pūtaiao Matua a Te Pirimia Prime Minister's Science Prize, a prize for science that is transformational in its impact.

From the start of the global pandemic, Te Pūnaha Matatini has developed a series of mathematical models, ran scenarios and analysed data, to determine how the coronavirus might spread through the population. In doing so, it has explicitly taken account of the diversity of our society and the social impacts, ensuring that equity has been a consideration.

Te Pūnaha Matatini has also informed the community on how the virus spreads and the role that each of us can play in stopping it. It has provided trusted information to the 'team of five million', in an engaging way, helping to build the culture that has led to such an effective community response.

Above all, Te Pūnaha Matatini has demonstrated how researchers can work with policymakers. It has directly informed the New Zealand Government's response to COVID-19, providing data on the effects of various levels of lockdown and made a telling contribution to Aotearoa New Zealand's success in countering the virus.



Pictured: *Winners of the 2020 Prime Minister's Science Prize:* members of Te Pūnaha Matatini team, including Professor Shaun Hendy, Associate Professor Siouxsie Wiles and Professor Michael Plank, all of whom have played prominent roles in the response to COVID-19, with Prime Minister, Rt. Hon. Jacinda Ardern and Minister of Research, Science and Innovation, Hon. Dr. Megan Woods.

The Centres of Asia-Pacific Excellence – growth and development

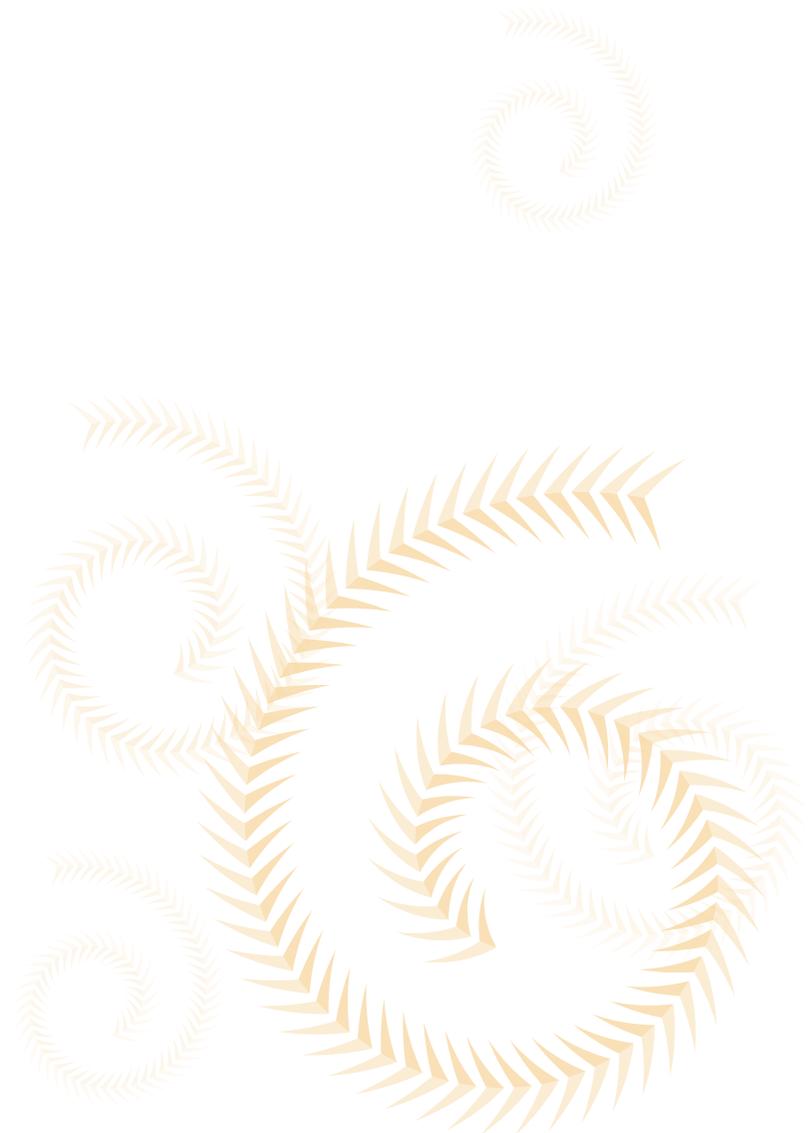
In Budget 2016 funding for Centres of Asian Pacific Excellence (CAPEs) was established. The fund is now set at \$10 million per year. CAPEs were established to provide:

- › more New Zealanders with appropriate language and cultural skills (including economic and political) relating to the Asia-Pacific and Latin American regions
- › enhanced public awareness of the importance of the Asia-Pacific and Latin American regions
- › better understanding of how study of Asia-Pacific and Latin American languages, culture and society (including economics and politics) leads to success in the regions, and
- › enhanced links between Aotearoa New Zealand and the Asia-Pacific and Latin American regions.

2020/21 has been a year of growth, development and further recognition for the CAPEs. Following the recommendations from the 2020 mid-term review, the CAPEs have developed a strategic plan, which builds on the strengths of the universities, including ‘thought leadership’ and ‘connectivity’. They have streamlined their offerings in accordance with the strategic plan and have appointed key personnel to enhance their engagement with the sector. To support this process, we have worked closely with the CAPEs Management Committee and Directors to improve their performance for the second half of their six-year funding term. The net result is a programme that is more cohesive whilst also recognising the special nature of each of the three CAPE regions.

The CAPEs have a diverse array of programmes under way, many of which have involved travel. As a result of COVID-19, the CAPEs have modified their portfolios to increase delivery through digital means, enabling them to involve a wider audience.

They have also adapted the content of their programmes to help businesses adapt to the new environment in which COVID-19 presents ever-more challenges.



Te pārongo inenga, ahunga hoki

Measures and trend information

Centres of Research Excellence			
Measure	2020/21 Target	2020/21 Actual	2019/20 Actual
The TEC works with the Ministry of Education to undertake agreed reviews of Centres of Research Excellence (CoREs) performance against fund criteria	Achieved	Not able to be measured as no reviews undertaken (Note 1)	No reviews undertaken

Note 1 – No CoREs review was undertaken in 2020. The TEC finalised the CoREs 2019/20 selection round with the Ministry of Education and other agencies. The ten successful CoREs commenced 1 July 2021.

Research degree completions			
Measure	2020 Target	2020 Actual	2019 Actual
Research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions) (Note 1)	Previous year actual $\pm 5\%$	4,076 (+0.8%)	4,042

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

External research income

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

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

Note 2 – The 2020 ERI was \$608,706,979, an increase of 0.94% on 2019. There were no significant changes in the four ERI categories between 2019 and 2020. Following the publication of the 2018 Quality Evaluation round in September 2019, nine new providers were eligible to receive PBRF funding. The additional ERI earned by these nine providers increased the 2019 ERI from \$602,988,469 (as recorded in the previous Annual Report) to \$603,015,444, which is the base figure for the calculation of the percentage increase. In 2018 and 2019 there was a 21.8% (\$25.4 million) increase in the New Zealand public sector contract research component of ERI. The other three ERI components decreased marginally.

A photograph of a call center environment. In the foreground, a man with a beard and a headset is smiling and gesturing with his hands. Behind him, a woman and another man, also wearing headsets, are working at their desks. The scene is brightly lit, suggesting a modern office setting.

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

Part four: Improving the way we work

E ngākaunui ana mātou kia tipu ora a TEC

We are committed to creating a thriving TEC

We are committed to growing our cultural capability

To ensure the tertiary system works for all learners we need to invest time and money in our most important resource – our people. To support this, we initiated a project, He Marae Tangata, to develop a high-level operational plan to ensure the TEC is learner centric, equity minded and culturally affirming. We will scope the work for a one-to-three year plan that includes a capability framework that identifies the knowledge, skills and behaviours required and to put these into practise in our organisation.

All Managers attended a two-day workshop on how organisations can contribute to a more equitable and inclusive Aotearoa New Zealand under Te Tiriti o Waitangi. This builds our understanding, informs changes to behaviours and systems and supports wider capability development.

We have completed actions in our three-year Māori Language Plan and will refresh this alongside He Marae Tangata future work programme.

We are inclusive and diverse

We have employee-led networks that reflect our diverse and inclusive organisation, such as our Rainbow and Christian networks. We regularly host cultural events, such as Matariki, Chinese New Year, Eid Mubarak and various language weeks (e.g. Cook Islands language week). We have an active social club, Kapa Haka group and employee-initiated health and wellness activities, such as yoga, indoor football and netball. We also support staff registration at the annual Round the Bays event in Wellington.

Developing a connected and collaborative culture

‘Thriving TEC’ is our work programme to develop a connected and collaborative culture, with simple and effective tools and processes that grow and empower passionate, skilled people who deliver great service for all New Zealanders.

The Thriving TEC work programme has four workstreams:

Leadership alignment, connection and development

Leadership meetings are designed so there is a specific focus on strategic, operational and people topics. This includes all people managers and the Executive Leadership Team. The meetings have a focus on development, particularly on coaching for performance conversations.

Managers meet throughout the year to plan and set priorities for the year ahead with a demanding work programme.

Workforce capability priorities have been identified and aligned with the strategy and our five-year strategic financial plan, to ensure we are focusing on the right areas. This information will shape our people development priorities for the next one to two years and support our business planning work.

Values and behaviours

Managers have ongoing discussions with their teams about our values and behaviours. They focus on what they are, what they mean to people and what they look like in practise.

Focus groups on recognition are held across the TEC, designed to understand how to recognise people in a meaningful way and what to recognise. What we learn from these will inform the design of our approach to recognition. The work links to our values and behaviours and to our remuneration approach project.

Reviewing our performance development system and approach

We reviewed our performance management system and introduced our *Coaching Kōrero*, with a focus on coaching and development. We have simplified the rating system and have moved from a five-point rating scale to one 'TEC Achiever' rating.

Working alongside the Public Service Association, a new remuneration framework has been designed for discussion with wider staff groups in the next quarter. Finalising of the remuneration system will be included as a part of bargaining in September.

Delivering great customer service

We are committed to providing great service to our customers: individuals, tertiary education organisations, and the wide range of partners and stakeholders we work with. Through our continuous improvement approach, each year we are making positive changes to the quality of customer service that we provide.

During the past twelve months we:

- › made a significant investment in the technology our Customer Contact Group uses, so that they can provide great service. This is enabling us to communicate more efficiently and effectively with our customers, and
- › launched our *TEC Service Commitments* that expand on how we will put our TEC value *Service Matters – awhi mai, awhi atu* into practise.

Over the coming year we will continue to invest in our customer-facing technology, including the development and implementation of a customer 'self-serve' approach. We also intend to build upon the work we started with the *TEC Service Commitments*.

We launched a new system to enhance our customer contact service

In March 2021, we launched a modern, industry-standard contact centre technology platform to deliver an improved customer experience.

"We want you — our customers, whether you are from a tertiary education organisation, you're a learner or an employer, to have a good experience with the TEC and to be served well when you come to us," says Gillian Dudgeon, our Deputy Chief Executive of Delivery.

Among the features of the new system is the ability to automatically direct enquiries to the most appropriate TEC customer contact group member who has the knowledge to respond. The aim of the feature is to direct customers to the right person (known as skills-based routing), to help ensure our customer gets the right answer to their enquiry the first time they contact us.

"When you contact us, you will notice some changes, including being asked some questions up front to help us know the subject you are calling about," says Ms Dudgeon. *"This will then allow us to direct you to the right person who can give you the information you are looking for,"* she adds.

Giving staff access to this new technology is a critical piece of supporting our broader commitment to providing a high standard of consistent and accurate customer service.

Kei hanga haere tonu mātou i tā mātou aroā tūmataiti

We are continuing to build our privacy awareness

Over the past year, we have continued to build our privacy capability as an organisation. We have a framework for delivering regular privacy messaging and delivering targeted campaigns for events such as privacy week.

We have embedded privacy resourcing into our Ministerial and Privacy Services Team to ensure we are able to provide specialist privacy support to the organisation in an ongoing capacity.

We have updated our information processes and policies to ensure they reflect the updated Privacy Act from 1 December 2020.

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

Our ethics panel and processes are operating well. We have developed a draft Code of Ethics and will be seeking endorsement from our Executive Leadership Team before it is launched to the organisation. We intend to revisit membership of the ethics panel to ensure appropriate representation.

In the coming year, we will refresh our privacy work plan to ensure it is aligned with the TEC strategy and key priorities.

Kei te arotahi mātou kia pai ake tā mātou haumaruru ā-ipurangi

We have been focusing on improving our cyber security

We have a strong focus on cyber security and, as part of our overall approach to improve our maturity, we have implemented a comprehensive four-tier cyber security assurance framework with support from our independent cyber security partner – Aura Information Security.

The four tiers of this assurance and maturity framework are:

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

Utilising this assurance framework, we have commissioned specialist independent reviews to assess our cyber security maturity. Recommendations from these reviews are included in our ongoing programme of work to improve our cyber security maturity in a targeted and informed manner.

Kei te waihanga mātou i tētahi pūhara whakawhiti
raraunga hou

We are creating a new data exchange platform

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

The first phase will mitigate the risks of our current data collection applications by transitioning the Workspace2 (WS2) and the Services for Tertiary Education Organisations (STEO) functionality onto the new platform. We have completed building the new platform and plan to release the WS2 functionality towards the end of 2021. We are currently completing our final testing, including working with select tertiary education organisations to help test the WS2 functionality.

Work to transition the STEO functionality has started, with the release currently planned for mid-2022.

The second phase is to design and implement improved data collection methods to reduce effort and support the increased frequency of data collections. We are currently developing a plan and will hold some workshops across the sector through to the end of 2021 to gather requirements, understand the business impacts and co-design solutions. As this phase will require some changes and investment from the sector, we are using the workshops to help us plan our approach to deliver the new collection methods and transition of tertiary education organisations onto them.

We continue to work closely with MoE and NZQA through interagency forums to co-govern the project and co-design the solution.

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

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

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

In line with our carbon emissions reduction plan, we have continued to reduce our domestic air travel post the COVID-19 lockdowns as part of our commitment to promote online collaboration in place of travel. For the six months from July to December 2020, our domestic travel emissions were 70 percent less than those pre COVID-19. We have also reduced our corporate car fleet to zero, from a total of 14 in 2018.

We will continue to measure our emissions annually and track our progress against our own reduction targets.

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

As we continue to respond to changes in our operating environment, risk management remains an integral component of our organisational governance at both a strategic and operational level. Our approach to risk management has remained consistent, with a key focus on the following elements:

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

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

Maintaining visibility of our key strategic risks

In the past year, the Executive Leadership Team has undertaken an assessment of our key areas of strategic risk. We define strategic risks as events that may prevent the achievement of the TEC's strategic objectives and those which would result in significant long-term harm to the TEC. We have identified strategic risks relating to our core functions, key projects, our people and external environmental impacts. Our strategic risks have been included in our regular reporting to the Risk and Assurance Committee.

We continue to improve our risk management maturity

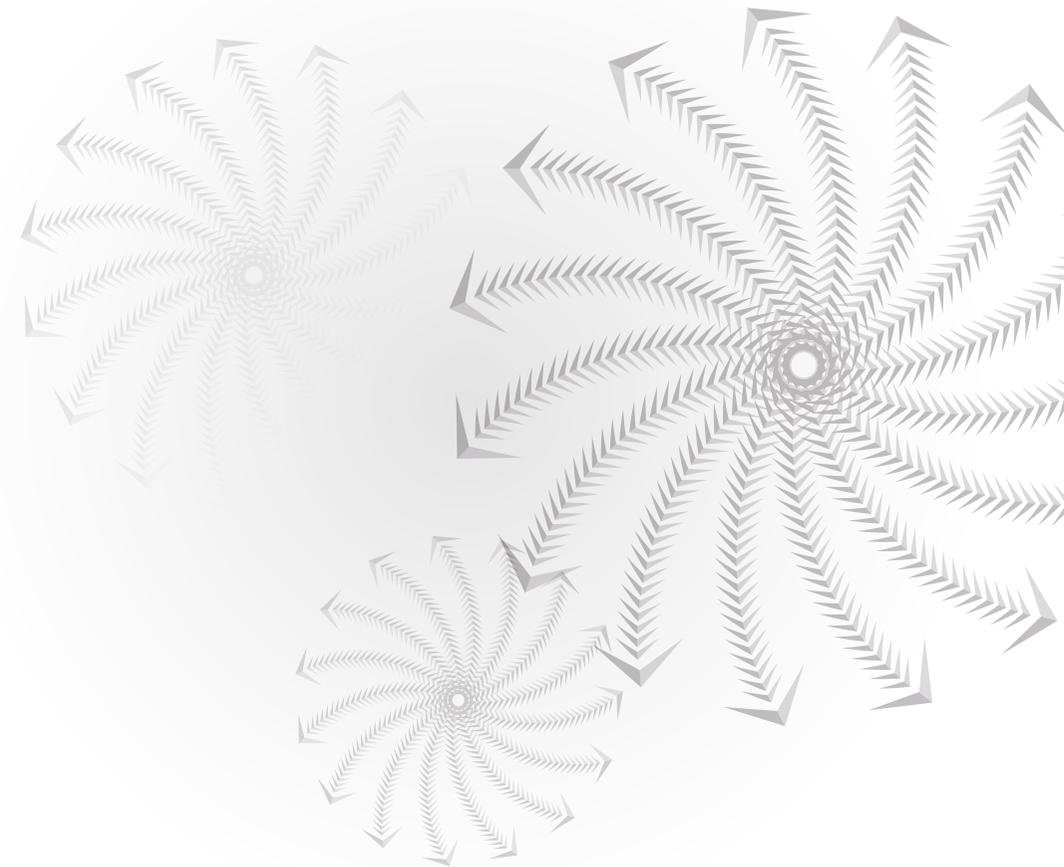
Over the year we have continued to focus on the development of our risk management maturity to support the strength of our governance, assurance and decision-making. In the past year we have:

- › undertaken an internal audit of our risk management framework against the ISO 3100 standard in risk management and the all-of-government enterprise risk management maturity model. The audit concluded that overall our risk management framework is robust. The audit identified the continuing improvement of risk management maturity as a key focus
- › continued our quarterly review of operational risks for each directorate, aligned to their business plans
- › continued our quarterly reporting of operational and strategic risks to our Executive Leadership Team and the Risk and Assurance Committee. A risk management update was provided to the full Board in May 2021, and
- › continued to provide risk management support and governance for our large projects.

We are prepared for disruptions and emergencies

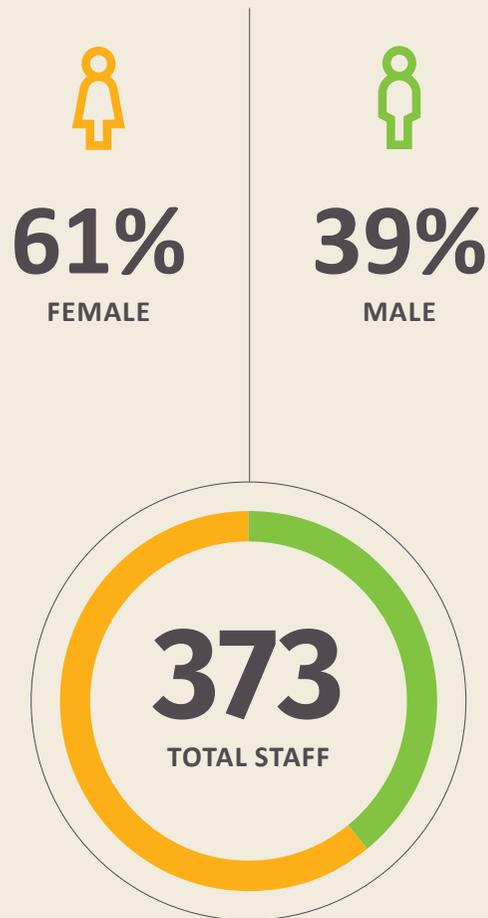
We are committed to maintaining our business continuity preparedness (BCP) for major disruption events, including large-scale emergencies. We hold two business continuity exercises each year to test our emergency response and business continuity plans. We use different scenarios to test our preparedness across a range of areas. Our most recent exercise focused on our response to a cyber security incident.

With the arrival of COVID-19 in 2020 and its ongoing presence in 2021, the need for maintaining business continuity preparedness has increased. During the prolonged period of national lockdown in 2020 due to COVID-19, remote working became our most important BCP asset. We continue to test our remote working capability as part of our annual business continuity exercise schedule. We have also updated our internal COVID-19 response plan for lockdowns, both regionally and nationally. The plan focuses on immediate actions following increases in Aotearoa New Zealand's COVID-19 Alert Levels. Testing of our BCP and COVID-19 responses continue through 2021.

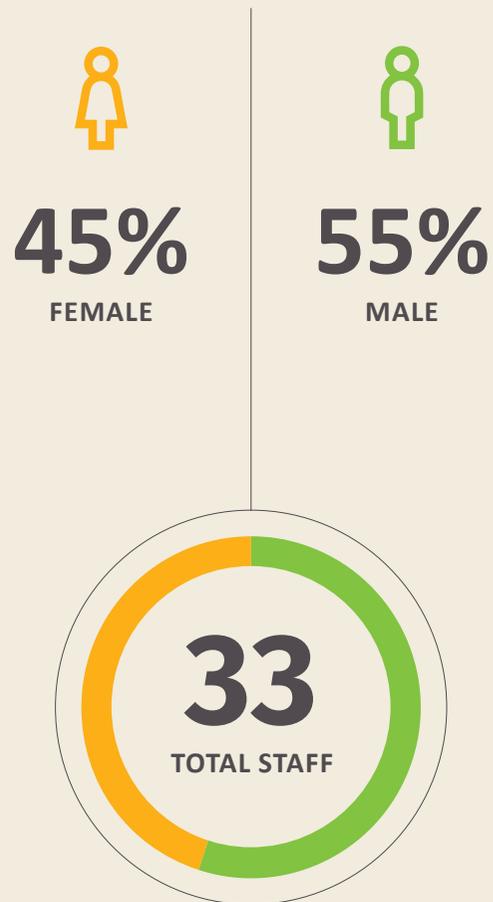


Who are we

GENDER

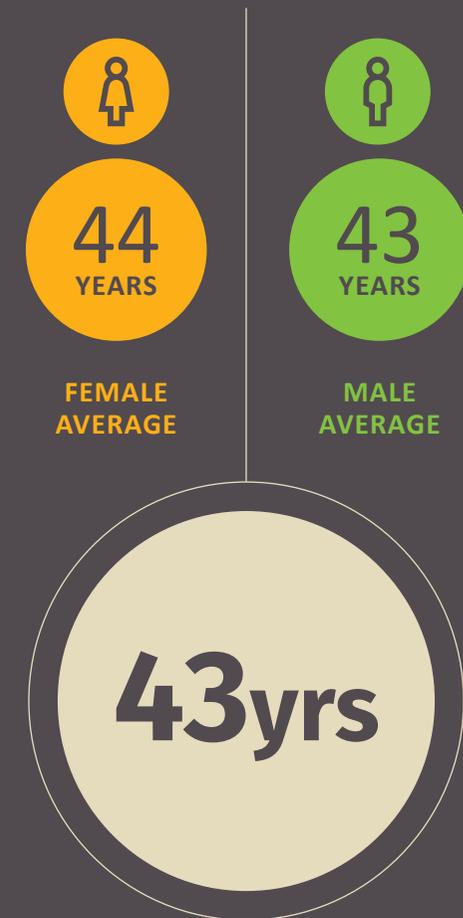


TIERS 1-3 GENDER DISTRIBUTION

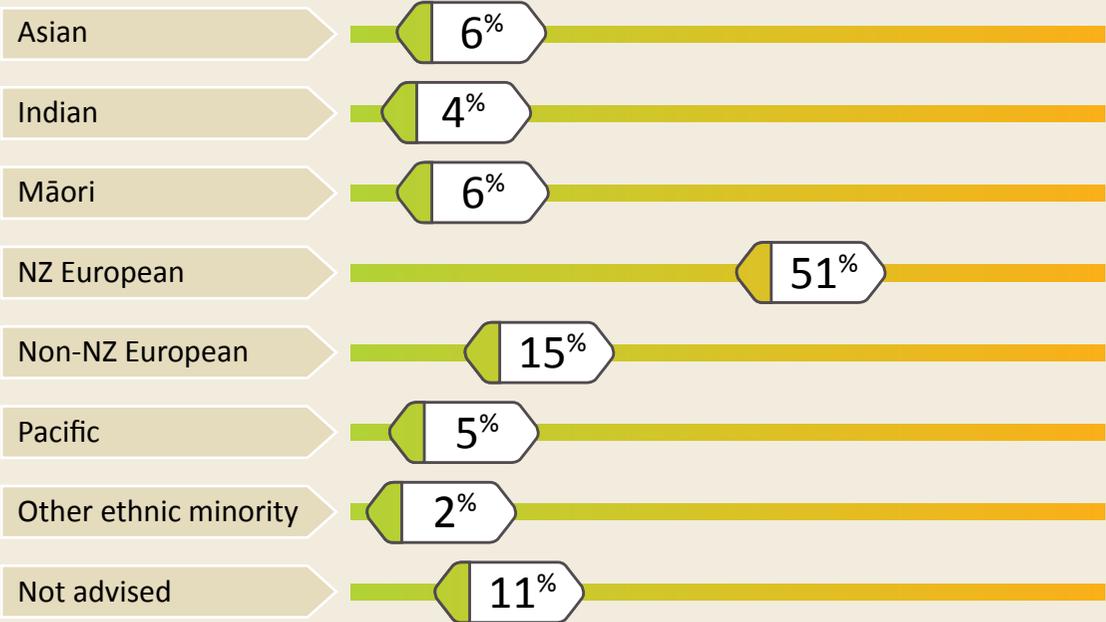


Age

AVERAGE ACROSS ALL STAFF



Ethnicity across all staff



Length of service

AVERAGE ACROSS ALL STAFF





Tauākī Whakamaunga Atu Statement of Responsibility

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

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

The Board of the Tertiary Education Commission has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and reporting of the Statement of Performance. In the Board's opinion, these Financial Statements and Statement of Performance fairly reflect the financial position and operations of the Tertiary Education Commission for the year ended 30 June 2021.

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



Jenn Bestwick
Chair
Tertiary Education Commission



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

18 November 2021

18 November 2021

Pūrongo kaitirotiro motuhake

Independent auditor's report



To the readers of the Tertiary Education Commission's financial statements and performance information for the year ended 30 June 2021

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

Opinion

We have audited:

- » the financial statements of TEC on pages 125 to 156, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- » the performance information of TEC on pages 47 to 64 and 83 to 122.

In our opinion:

- » the financial statements of TEC on pages 125 to 156:
 - › present fairly, in all material respects:
 - its financial position as at 30 June 2021; 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 Standards; and

- » the performance information on pages 47 to 64 and 83 to 122:
 - › presents fairly, in all material respects, TEC's performance for the year ended 30 June 2021, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - › complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 18 November 2021. This is the date at which our opinion is expressed.

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

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand

Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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

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

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

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

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

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

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

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

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to TEC's Statement of Intent 2019/20 to 2022/23, TEC's Statement of Performance Expectations 2020/21 and the relevant Estimates and Supplementary Estimates of Appropriations 2020/21.

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Commissioners is responsible for the other information. The other information comprises the information included on pages 1 to 46, 65 to 82, 123, 124 and 157 to 164, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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



Stephen Usher
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

A young man with brown hair, wearing a dark green hoodie and dark pants, is sitting in a wheelchair. He has white headphones around his neck and is looking directly at the camera with a slight smile. He is in a library, with bookshelves filled with books visible in the background. The lighting is warm and indoor.

Wāhanga rima: Tauākī whakatutukitanga
Part five: Statement of performance

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

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

In 2020/21 we spent **over**
\$3.8 BILLION
INVESTING
in **tertiary education** and
SUPPORTING
the **tertiary education** and
careers systems.

.....
This \$3.8 billion investment figure differs from the \$2.7 billion reported in our financial statements as a result of a \$1.1 billion COVID-19-related accounting adjustment. Refer to page 124 for further details.
.....

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

\$87.1
MILLION

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

.....
\$5.8
MILLION
CAREERS SYSTEM
ONLINE
.....

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

\$2,050.2

MILLION

**TERTIARY
TUITION
AND TRAINING**

\$321.0

MILLION

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

\$63.6

MILLION

**ESTABLISHMENT OF A SINGLE
NATIONAL VOCATIONAL EDUCATION INSTITUTE**

\$49.8

MILLION

**CENTRES OF RESEARCH
EXCELLENCE**

\$42.3

MILLION

**ACCESS TO TERTIARY
EDUCATION**

\$34.3

MILLION

**TERTIARY SECTOR/INDUSTRY
COLLABORATION PROJECTS**

\$15.1

MILLION

**SECONDARY-
TERTIARY
INTERFACE**

\$14.7

MILLION

**TERTIARY
SCHOLARSHIPS AND
AWARDS**

\$9.2

MILLION

**UNIVERSITY-LED
INNOVATION**

\$8.1

MILLION

**SUPPORT FOR
PRIVATE TRAINING
ESTABLISHMENTS
OF STRATEGIC
IMPORTANCE**

\$7.0

MILLION

**SUPPORT FOR
TE WANANGA
O RAUKAWA**

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

Our operational appropriation
enables us to

SUPPORT

the tertiary education and

CAREERS
SYSTEMS

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

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

Administration of and Support for the Tertiary Education and Careers Systems

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Administration of and Support for the Tertiary Education and Careers systems			
REVENUE			
Crown revenue			
– Tertiary Education Commission	81,924	75,258	69,918
– Māori Education Trust (Ministry of Education administered)	109	109	99
Contract – Migrant Futures	1,676	1,613	1,708
Contract – Pre-purchased English Language Tuition	605	560	608
Interest	297	936	991
Other revenue	1,381	1,512	1,846
Total revenue	85,992	79,988	75,170
EXPENSES			
Tertiary Education Commission	87,036	84,855	77,560
Māori Education Trust (Ministry of Education administered)	109	109	99
Total expenses	87,145	84,964	77,659
Surplus/(deficit)	(1,153)	(4,976)	(2,489)

Revenue is above budget by \$6 million owing to \$4 million of additional Crown revenue and \$2 million transferred from the prior year. Expenses were above budget following the \$6 million of revenue increases. This was slightly offset by our core costs (personnel, depreciation and travel costs) being below budget by \$3 million as a result of continued vacancies, turnover and delayed spend on COVID-19-related activity. Our Reform of Vocational Education spend was also \$1 million under budget.

\$1.929 million of Careers System Online costs were originally categorised as capital but were subsequently recorded as operating expenses. These costs are recorded against the Careers System Online capital appropriation.

Administration and Support for the Tertiary Education and Careers Systems

Measure	2020/21 Target	2020/21 Actual	2019/20 Actual
Percentage of TEC-funded tertiary education organisations who agree that auditing processes were made transparent and information was accessible throughout the process	At least 82%	Transparent 79% (Note 1) Accessible 80% (Note 1)	Not able to be measured (Note 6)
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%	Not able to be measured as no governance seminars held (Note 2)	94%
Percentage of tertiary education organisations who agree that our investment toolkit and plan guidance were very useful to prepare their investment plans	At least: Toolkit 34% Plan guidance 36%	Toolkit 45% Plan guidance 52%	Not able to be measured (Note 6)
Percentage of careers system stakeholders who agree that our online information and tools are useful	At least 78%	86%	77%
Percentage of TEC-funded tertiary education organisations who agree that TEC information and engagement helps them to support Māori and Pacific students to succeed	At least 29%	44%	Not able to be measured (Note 6)
Percentage of TEC-funded tertiary education organisations who agree that engagement with TEC was useful and supported them to deliver on Tertiary Education Strategy priorities	At least the same as 2019/20 Actual	40% (Note 3)	Baseline year Data not available (Note 6)
Percentage of payments the TEC makes to tertiary education organisations that are made within agreed timeframes	100%	99.88% (Note 4)	99.87%
The overall satisfaction rating given by the Minister of Education on the Tertiary Education Commission (Note 5)	At least 7 out of 10	8 out of 10	8 out of 10

Note 1 – In the 2021 survey we changed the methodology for this audit process question to provide more clarity. We asked respondents a question about transparency and a separate question about accessibility. The 2020/21 target of 82% was informed by the 2018/19 result where respondents were asked an overall question that covered both transparency and accessibility.

Note 2 – No data available as delivery of our programme of governance seminars continued to be impacted by COVID-19. An event planned for June 2021 has been deferred until September 2021.

Note 3 – This is the first year we have been able to measure this as the 2019/20 customer survey was not held owing to the impact of COVID-19 on proposed survey respondents, which includes tertiary education organisations and other government agencies. The actual survey question was: Overall, how strongly do you agree or disagree that TEC engagement has supported you to deliver on Tertiary Education Strategy priorities.

Note 4 – Twenty-nine of 23,892 payments were not made within agreed timeframes. A new process has been put in place to ensure reports are delivered to assessors on time to meet payment due dates.

Note 5 – The Common Satisfaction Survey rating measures Ministers' satisfaction with the quality of advice on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.

Note 6 – The 2019/20 customer survey (Partner and Provider Survey) was not held owing to the impact of COVID-19 on proposed survey respondents, which include tertiary education organisations and other government agencies.

Te Pūnaha ā-Tuihono mō Ngā Umanga Careers System Online

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Careers System Online			
Crown capital contribution	8,500	8,500	-
Total capital and operating expenses	5,745	8,500	-
Surplus/(deficit)	2,755	-	-

Expenditure was \$3 million below budget. This was largely owing to work not being able to be started until later in the financial year. Funding received this year and not spent will be carried forward into 2021/22. Included in these expenses is \$1.929 million of costs originally categorised as capital but subsequently recorded as operating expenses.

Careers System Online

Measure	2020/21 Target	2020/21 Actual	2019/20 Actual
The online careers planning tool for secondary schools is developed and ready for testing (Note 1)	Achieved	Not Achieved	Not Applicable

Note 1 – This measure was developed pre COVID-19. As part of our response to the pandemic we reprioritised the development of a job-to-job tool for workers (Skill Net). This became the first deliverable of the wider Careers System Online initiative and was launched in February 2021. This tool enables workers to see other jobs that their skills are transferable to. With the reprioritisation due to COVID-19, the online planning tool for secondary school learners, their influencers and schools became the second deliverable. The pilot of the planning tool for secondary schools is likely to be developed and ready for testing with a closed group of schools in 2022.



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

WE **INVEST**

in all forms of post-secondary school

EDUCATION & TRAINING

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

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

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

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

WE CONTRIBUTE TO, but do not control, the sector output measures we report on. The 2020 sector measure results were impacted by a number of factors.

The COVID-19 pandemic (considered a ‘once-in-a-century’ public health shock) dramatically changed the landscape and caused major disruption to life and economic activity around the world, drastically altering the economic outlook here and abroad. Many countries, including Aotearoa New Zealand, were expecting their largest economic downturn in living memory. The reality has been somewhat mixed and could be best described as a year of two halves.

For the 2020/21 financial year (post pandemic), the Aotearoa New Zealand economy has generally outperformed expectations and shown a high level of economic resilience. This has enabled most of the economy to operate relatively normally towards the later part of the year.

While the labour market has recovered beyond expectations, the recovery has not been consistent across all industries or for all individuals. Highly skilled and mature workers have experienced a quick rebound, while Pacific peoples, low-skilled workers and youth have been slower to recover. These groups continue to experience disproportionately higher rates of unemployment, resulting in greater inequity in the labour market. (Source: *TEC Labour Market Insights, 2021 March Quarter, page 1*).

Traditionally, learners choose to undertake or remain in study during an economic decline – as was expected at the start of the financial year. As overall demand for tertiary education increases, tertiary education organisations are likely to be working with a greater proportion of less prepared learners. These learners are less likely to be retained in the education system or successfully complete courses or qualifications. COVID-19 is likely to have exacerbated existing inequities and put greater pressure on tertiary education organisation capability to support a more academically diverse learner cohort who may have experienced higher levels of hardship.

During the global financial crisis, Māori were hit hardest – amplifying higher unemployment and existing inequities in tertiary education.

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

During the 2020 calendar year, the overall number of learners enrolled in tertiary and vocational education has significantly increased across all sub-sectors, due in part to the Government’s COVID-19 response initiatives. This increase has been a significant turnaround from previous years, which had shown a gradual declining enrolment trend. Universities have experienced record growth, with Te Pūkenga and the private training establishments also experiencing large enrolment increases. Wānanga have experienced a much smaller overall increase. Generally, the increase in domestic learners appears to have offset, to some degree, the decline in international students across the sector.

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

Te whaiuru ki te Mātauranga Matua Access to Tertiary Education

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Access to Tertiary Education			
REVENUE			
Crown revenue			
Equity Loading	18,117	17,277	16,613
Grant under section 321 of the Education Act to Southern Institute of Technology	-	1,255	3,422
Group Training Schemes	15,965	16,130	3,069
Māori and Pasifika Trades Training Top Up	4,404	4,360	10,609
Student Hardship Fund	3,796	-	19,564
Total revenue	42,282	39,022	53,277
EXPENSES			
Equity Loading	18,117	17,277	16,613
Grant under section 321 of the Education Act to Southern Institute of Technology	-	1,255	3,422
Group Training Schemes	15,965	16,130	3,069
Māori and Pasifika Trades Training Top Up	4,404	4,360	10,609
Student Hardship Fund	3,796	-	19,564
Total expenses	42,282	39,022	53,277
Surplus/(deficit)	-	-	-

Revenue and expenses were \$3 million above budget following increases to the budget during the year.

Access to Tertiary Education

Measure	2020 Target	2020 Actual	2019 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%	34.45% (Note 1)	37%

Note 1 – Lower than expected progression could be attributed to a number of factors, including: the prolonged COVID-19 lockdowns having unforeseen negative impacts on learner wellbeing, especially on those learners from a low income cohort, who may have experienced higher levels of hardship; the subsequent disruption to learner attendance and participation in study during lockdowns; and withdrawal from training due to uncertainty of course continuation.



Ngā Pokapū Rangahau Ikeike Centres of Research Excellence

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

This appropriation links to our strategic goals



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all learners
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research quality
and capability



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capability and
monitoring
performance

	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Centres of Research Excellence			
REVENUE			
Crown revenue	49,800	49,800	49,800
Total revenue	49,800	49,800	49,800
Total expenses	49,800	49,800	49,800
Surplus/(deficit)	-	-	-

Centres of Research Excellence

Measure	2020 Target	2020 Actual	2019 Actual
Centres of Research Excellence annual reports are reviewed and appropriate action is taken (Note 1)	Achieved	Not able to be measured as extension granted for due date of reports to October 2021	Achieved

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

Note 2 – Because of COVID-19, all ten CoREs received six-month funding extensions, for which a Plan and Budget was received and approved. The ten CoREs will submit their final reports covering the period January 2020 to June 2021 in October 2021.

Te Whakatū Pūtahi Mātauranga
Ahumahinga ā-Motu

Establishment of a Single National Vocational Education Institution

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

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



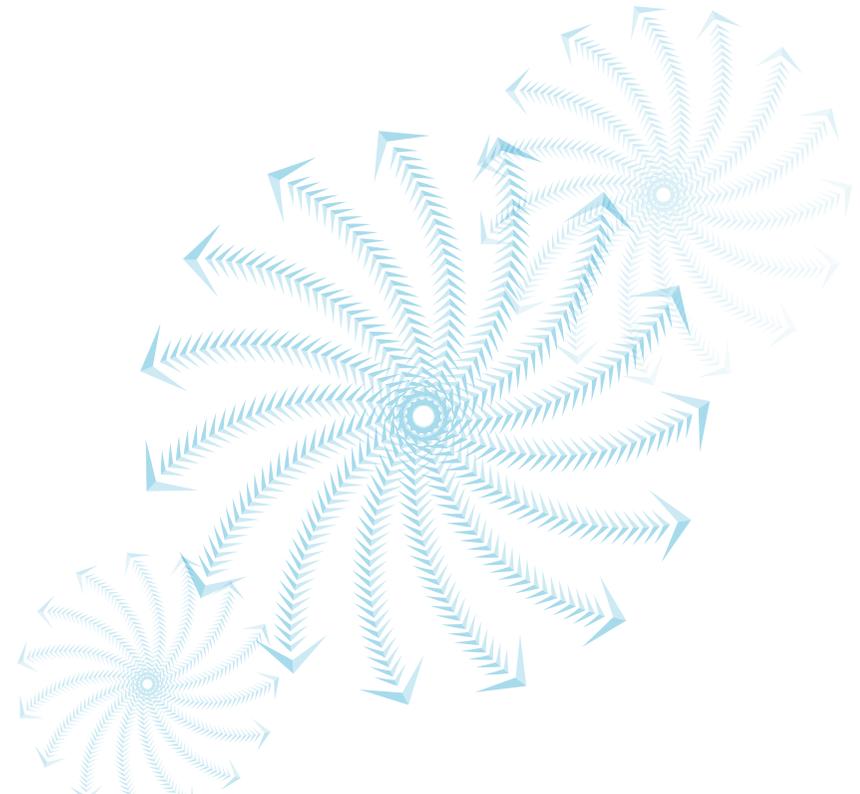
Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

Establishment of a Single National Vocational Education Institution	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
REVENUE			
Crown revenue	63,640	-	-
Total revenue	63,640	-	-
Total expenses	63,640	-	-
Surplus/(deficit)	-	-	-

This appropriation was created during the year so does not have a budget to compare against.



Te Hiranga ā-Rautaki o te
Tautoko i Ngā Wāhi
Whakangungu Motuhake

Support for Private Training Establishments of Strategic Importance

This appropriation is intended to support and facilitate the recovery of international education.

This appropriation links to our strategic goals



Supporting
all learners
to succeed



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and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

Support for Private Training Establishments of Strategic Importance	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
REVENUE			
Crown revenue	8,083	-	-
Total revenue	8,083	-	-
Total expenses	8,083	-	-
Surplus/(deficit)	-	-	-

This appropriation was created during the year so does not have a budget to compare against.

Support for Private Training Establishments of Strategic Importance

Measure	2020 Target	2020 Actual	2019 Actual
Final reports from the private training establishments indicate funds have been spent as set out in their funding outcome letters (Note 1)	Achieved	Achieved	Not applicable

Note 1 – Assessments were completed on the 22 tertiary education organisations that received this finding. The fund ceased at the end of 2020.

Te Tautoko i
Te Wānanga o Raukawa
**Support for
Te Wānanga o Raukawa**

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

	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Support for Te Wānanga o Raukawa			
REVENUE			
Crown revenue	7,000	-	-
Total revenue	7,000	-	-
Total expenses	7,000	-	-
Surplus/(deficit)	-	-	-

This appropriation was created during the year so does not have a budget to compare against.

Support for Te Wānanga o Raukawa

Measure	2020 Target	2020 Actual	2019 Actual
Te Wānanga o Raukawa provides an annual report on the use of this funding to the Tertiary Education Commission	Achieved	Achieved	Not applicable

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

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

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

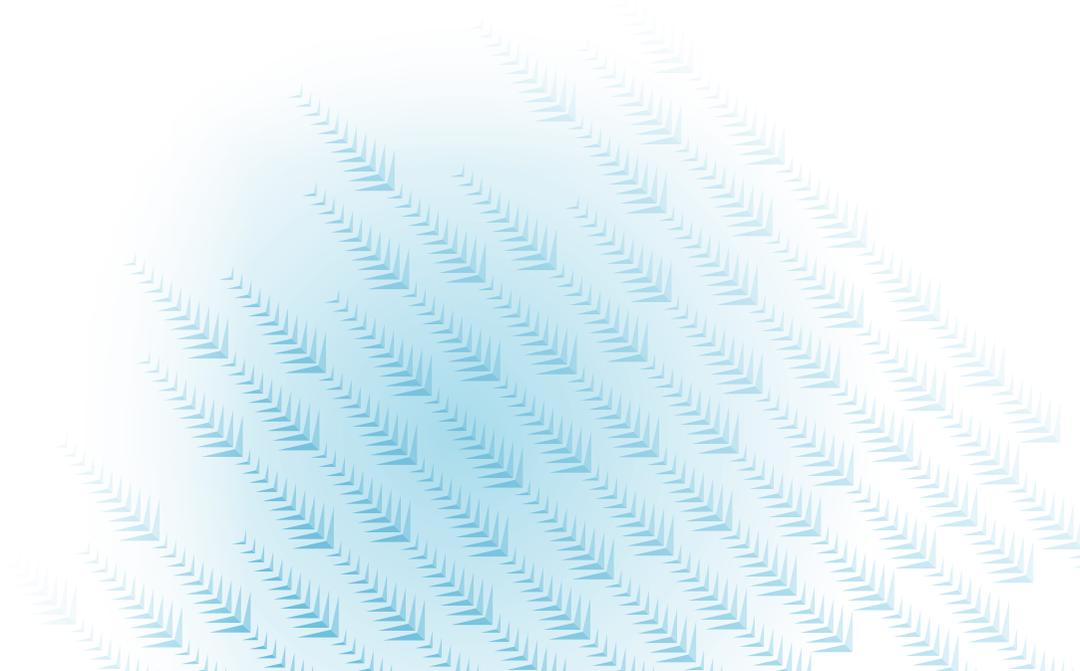
Tertiary Education Research and Research-Based Teaching

Measure	2020 Target	2020 Actual	2019 Actual
Research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions) (Note 1)	Previous year actual $\pm 5\%$	4,076	4,042
Percentage increase in amount of external research income for PBRF-eligible providers (Notes 2 and 3)	3-5%	0.94%	2.95%

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

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

Note 3 – The 2020 ERI was \$608,706,979, an increase of 0.94 percent on 2019. There were no significant changes in the four ERI categories between 2019 and 2020. Following the publication of the 2018 Quality Evaluation round in September 2019, nine new providers were eligible to receive PBRF funding. The additional ERI earned by these nine providers increased the 2019 ERI from \$602,988,469 (as recorded in the previous Annual Report) to \$603,015,444, which is the base figure for the calculation of the percentage increase. In 2018 and 2019 there was a 21.8 percent (\$25.4 million) increase in the New Zealand public sector contract research component of ERI. The other three ERI components decreased marginally.





Ngā Kaupapa Mahitahi ki te
Rāngai Mātauranga Matua,
Ahumahi hoki

Tertiary Sector / Industry Collaboration Projects

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability

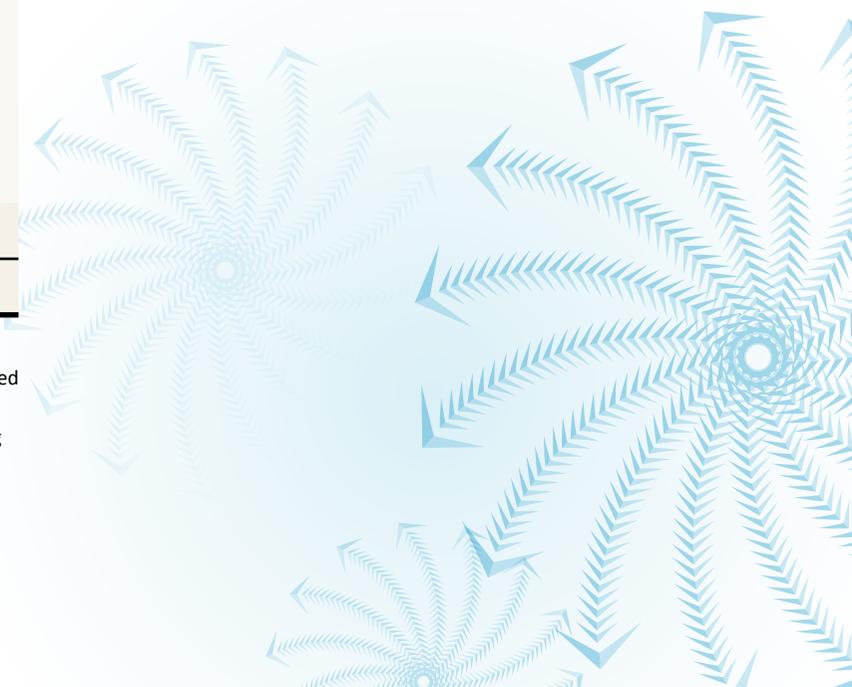


Building provider
capability and
monitoring
performance

	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Tertiary Sector / Industry Collaboration Projects			
REVENUE			
Crown revenue			
Adult and Community Education (Development and Delivery)	250	500	-
Centres of Asia-Pacific Excellence	10,000	10,000	9,875
Centres of Vocational Excellence	5,000	5,000	-
Early Childhood Education Qualification Translation	61	500	-
Engineering Education to Employment	-	-	242
Information and Communications Technology Graduate Schools (Development and Delivery)	750	1,500	1,610
Māori and Pasifika Trades Training (Brokerage)	867	1,921	2,292
Māori and Pasifika Trades Training (Consortia)	2,866	5,933	7,558
National Centre for Tertiary Teaching Excellence	3,556	3,556	3,556
Qualification Development Fund	502	1,000	410
Quality Teaching Agenda (Ministry of Education administered)	566	2,520	555
Workforce Development Councils / Transitional Industry Training Organisations COVID-19 Response Projects Fund	5,128	10,000	-
Workforce Development Council Establishment Fund	4,798	4,000	-
Total revenue	34,344	46,430	26,098

Tertiary Sector / Industry Collaboration Projects	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
EXPENSES			
Adult and Community Education (Development and Delivery)	250	500	-
Centres of Asia-Pacific Excellence	10,000	10,000	9,875
Centres of Vocational Excellence	5,000	5,000	-
Early Childhood Education Qualification Translation	61	500	-
Engineering Education to Employment	-	-	242
Information and Communications Technology Graduate Schools (Development and Delivery)	750	1,500	1,610
Māori and Pasifika Trades Training (Brokerage)	867	1,921	2,292
Māori and Pasifika Trades Training (Consortia)	2,866	5,933	7,558
National Centre for Tertiary Teaching Excellence	3,556	3,556	3,556
Qualification Development Fund	502	1,000	410
Quality Teaching Agenda (Ministry of Education administered)	566	2,520	555
Workforce Development Councils / Transitional Industry Training Organisations COVID-19 Response Projects Fund	5,128	10,000	-
Workforce Development Council Establishment Fund	4,798	4,000	-
Total expenses	34,344	46,430	26,098
Surplus/(deficit)	-	-	-

Revenue and expenses were \$12 million below budget. COVID-19 impacted learners' ability to attend classes during 2020 and so affected Māori and Pasifika Trades Training (MPTT). The introduction and high uptake of the Targeted Training and Apprenticeship Fund also impacted MPTT enrolments. The decision was also made to delay the establishment of the Workforce Development Councils impacting the COVID-19 Response Projects Fund.



Tertiary Sector / Industry Collaboration Projects

Measure	2020 Target	2020 Actual	2019 Actual
Centres of Asia-Pacific Excellence annual reports are reviewed and appropriate action is taken (Notes 1 and 2)	Achieved	Achieved	Achieved

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

Note 2 – All 2020 reporting targets were met. Annual reports from the three CAPEs were assessed as ‘acceptable’. The last year has seen improved performance from the CAPEs. They have acted on the recommendations of the mid-term review by developing a five-year strategy, reviewing their framework for measuring performance, appointing a Director of Strategy, streamlining their programmes, developing a consortium-wide communications strategy and prioritising strategic relationships (including a Memorandum of Understanding (MoU) with the Asia New Zealand Foundation). Also, the CAPEs have developed an innovative response to COVID-19, in both the content and the delivery of their programmes.

Measure	2020 Target	2020 Actual	2019 Actual
Number of domestic equivalent full-time students in Information and Communications Technology (ICT) Graduate Schools per calendar year (Note 1)	At least 195	292	195

Note 1 – Actual funded (292) includes 75 equivalent full-time students funded but not delivered as a result of COVID-19 recovery write off. Funding for ICT Graduate Schools ceased at the end of 2020.

He Auahatanga ka arahina e ngā Whare Wānanga

University-led Innovation

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

This appropriation links to our strategic goals



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	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
University-led Innovation			
REVENUE			
Crown revenue	9,198	10,000	7,526
Total revenue	9,198	10,000	7,526
Total expenses	9,198	10,000	7,526
Surplus/(deficit)	-	-	-

University-led Innovation

Measure	2020 Target	2020 Actual	2019 Actual
Entrepreneurial Universities' annual reports are reviewed and appropriate action is taken (Notes 1 and 2)	Achieved	Achieved	Achieved

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

Note 2 – All reporting milestone targets were met and the associated milestone payments actioned. The annual reports from all nine initiatives demonstrated the worth of the Entrepreneurial Universities programme and all were acceptable.

Ngā Kaunihera Ohu Mahi Whakawhanake

Workforce Development Councils

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

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

This appropriation links to our strategic goals



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	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Workforce Development Councils			
REVENUE			
Crown revenue	-	42,000	-
Total revenue	-	42,000	-
Total expenses	-	42,000	-
Surplus/(deficit)	-	-	-

The highly consultative process used to develop the Orders in Council for the establishment of Workforce Development Councils led to the timeframe for their establishment differing from those expected at Budget 2020. The funding was therefore reprioritised to the Industry Training Fund for the 2022 calendar year.

Workforce Development Councils

Measure	2020/21 Target	2020/21 Actual	2019/20 Actual
Number of Workforce Development Councils established by Order in Council by 31 December 2020	6	0 (Note 1)	Not applicable
Councils with an approved Establishment Plan by 30 June 2021	6	0 (Note 1)	Not applicable

Note 1 – The highly consultative process used to develop the Orders in Council for the establishment of Workforce Development Councils (WDCs) led to the timeframe for their establishment being extended. The six WDCs were legally established by Order in Council in June 2021. Establishment plans were approved by the Minister in September 2021 prior to the operationalisation of the WDCs on 4 October 2021.

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.

	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Tertiary Scholarships and Awards			
REVENUE			
Crown revenue			
Tertiary Teaching Awards	200	200	200
Trainee Medical Intern Grant	13,863	14,604	14,135
Ministry of Education administered awards	671	5,064	719
Total revenue	14,734	19,868	15,054
EXPENSES			
Tertiary Teaching Awards	200	200	200
Trainee Medical Intern Grant	13,863	14,604	14,135
Ministry of Education administered awards	671	5,064	719
Total expenses	14,734	19,868	15,054
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 Act 1989.

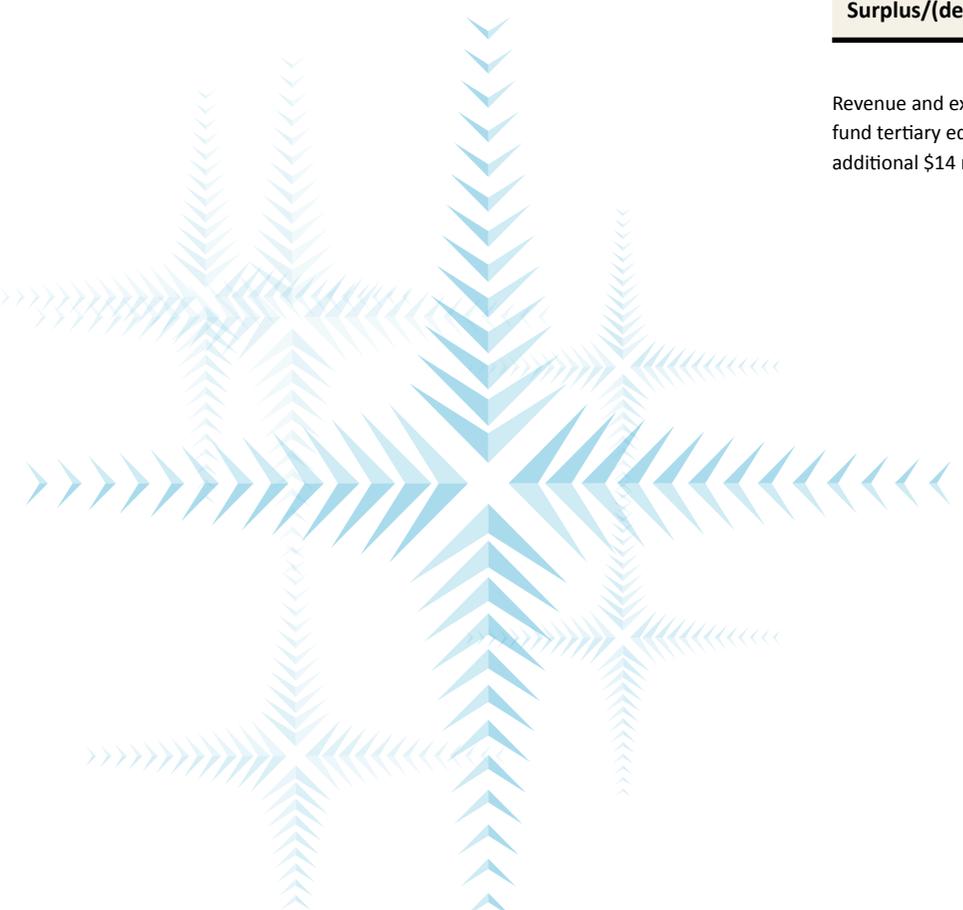
Mai i te Kura Tuarua ki te Taumata Mātauranga Matua

Secondary-Tertiary Interface

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

	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Secondary-Tertiary Interface			
REVENUE			
Crown revenue	15,057	14,331	37,957
Total revenue	15,057	14,331	37,957
Total expenses	15,057	14,331	37,957
Surplus/(deficit)	-	-	-

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



He Akoako, he Whakangungu hoki i te Taumata Mātauranga Matua

Tertiary Tuition and Training

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

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

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

This appropriation links to our strategic goals



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	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Tertiary Tuition and Training (MCA)			
REVENUE			
Crown revenue			
Community Education	51,183	44,223	106,772
Tertiary Education: Student Achievement Component	1,473,178	1,352,241	3,007,361
Training for Designated Groups	157,029	143,975	427,079
Fees-free Payments	337,646	428,413	370,087
Total revenue	2,019,036	1,968,852	3,911,299
EXPENSES			
Community Education	45,682	47,609	106,772
Tertiary Education: Student Achievement Component	1,504,286	1,395,239	3,007,361
Training for Designated Groups	162,625	148,390	427,079
Fees-free Payments	337,646	428,413	370,087
Total expenses	2,050,239	2,019,651	3,911,299
Surplus/(deficit)	(31,203)	(50,799)	-

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

Overall measure

Measure	2020 Target	2020 Actual	2019 Actual
Percentage of Student Achievement Component and Youth Guarantee learners who complete 75% of their courses	At least 73%	75.8%	74.6%

Mātauranga ā-Hapori Community Education

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

This appropriation links to our strategic goals



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	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Community Education			
REVENUE			
Crown revenue			
Adult and Community Education	11,031	9,587	36,960
Emergency Management Pool	783	783	1,686
English for Speakers of Other Languages	7,911	7,911	23,538
Immigration Levy	-	129	-
Literacy and Numeracy Provision	31,458	25,813	44,588
Total revenue	51,183	44,223	106,772
EXPENSES			
Adult and Community Education	15,009	11,280	36,960
Emergency Management Pool	(5)	783	1,686
English for Speakers of Other Languages	8,522	7,911	23,538
Immigration Levy	-	129	-
Literacy and Numeracy Provision	22,156	27,506	44,588
Total expenses	45,682	47,609	106,772
Surplus/(deficit)	5,501	(3,386)	-

Revenue was \$7 million above budget following increases to the budget during the year.

Emergency Management Pool reports a negative expense. There was a significant recovery from the main provider.

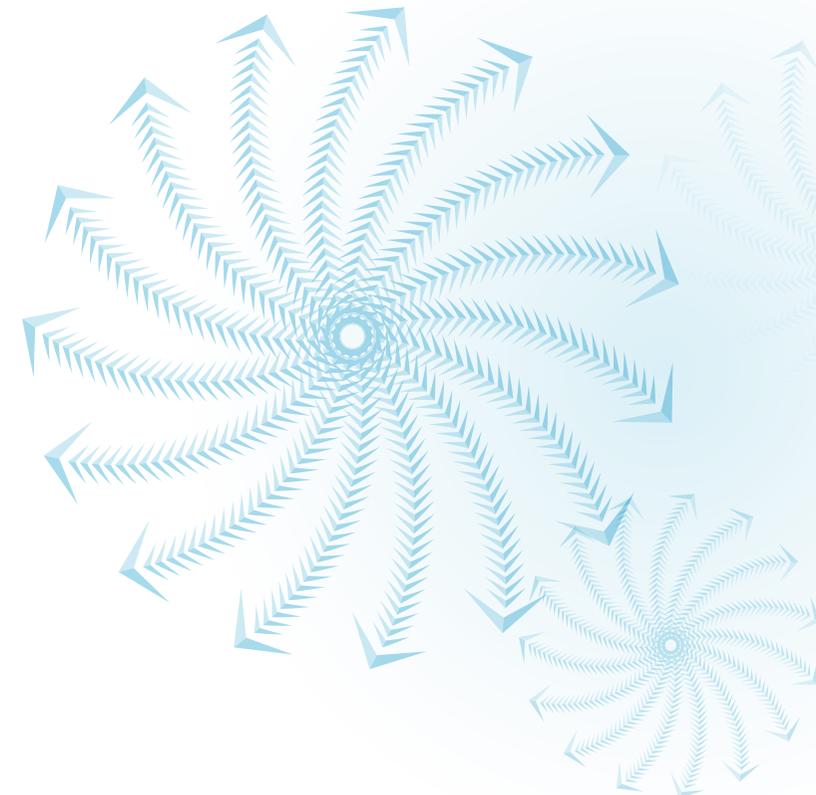
Revenue and expenses were reduced from last year. In March 2020 the Minister of Education confirmed that we would continue to fund tertiary education organisations at their pre-COVID-19 levels despite any potential reduction in student numbers. This caused an additional \$36 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21.

Community Education

Type	2020 Target	2020 Actual	2019 Actual
Percentage of learners accessing at least the minimum desired range (hours) of provision (Note 1)			
Intensive literacy and numeracy	At least 62.6%	52.94% (Note 2)	62.89%
Workplace Literacy and Numeracy (tertiary education organisation-led)	At least 60.8%	73.68%	73.37%
English for Speakers of Other languages (ESOL)	At least 95.6%	92.97% (Note 2)	95.78%

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 – The total hours of literacy, numeracy, or literacy and numeracy tuition, is expected to be between 80 and 300 hours per learner at the intensity of 5 to 20 hours per week. The total hours of ESOL tuition is expected to be between 20 and 500 hours per year at the intensity of 5 to 40 hours per week. Lower expected hours could be attributed to the prolonged COVID-19 lockdowns. One of the conditions of the fund is that tuition must be delivered face to face, therefore students were not able to attend classes. Other contributing factors are: the closure of international borders, unforeseen negative impact on learner wellbeing, especially on those learners from a low-income cohort who may have experienced higher levels of hardship.



Mātauranga Matua: Wāhanga Whakatutukitanga Ākonga

Tertiary Education: Student Achievement Component

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

This appropriation links to our strategic goals



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	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Tertiary Education: Student Achievement Component			
REVENUE			
Crown revenue			
Provision at levels 1 and 2	66,036	66,036	102,855
Provision at levels 3 and above	1,402,502	1,281,565	2,887,694
– Universities	869,884	736,895	1,813,065
– Te Pūkenga – New Zealand Institute of Skills and Technology	327,733	334,655	653,301
– Wānanga	52,954	86,733	147,783
– Private Training Establishments	151,931	123,282	273,545
Grant under section 321 of the Education Act to School of Dance and School of Drama	2,322	2,322	2,373
Information and Communications Technology Graduate Programmes	2,318	2,318	1,829
Technology Access Fund	-	-	12,610
Total revenue	1,473,178	1,352,241	3,007,361

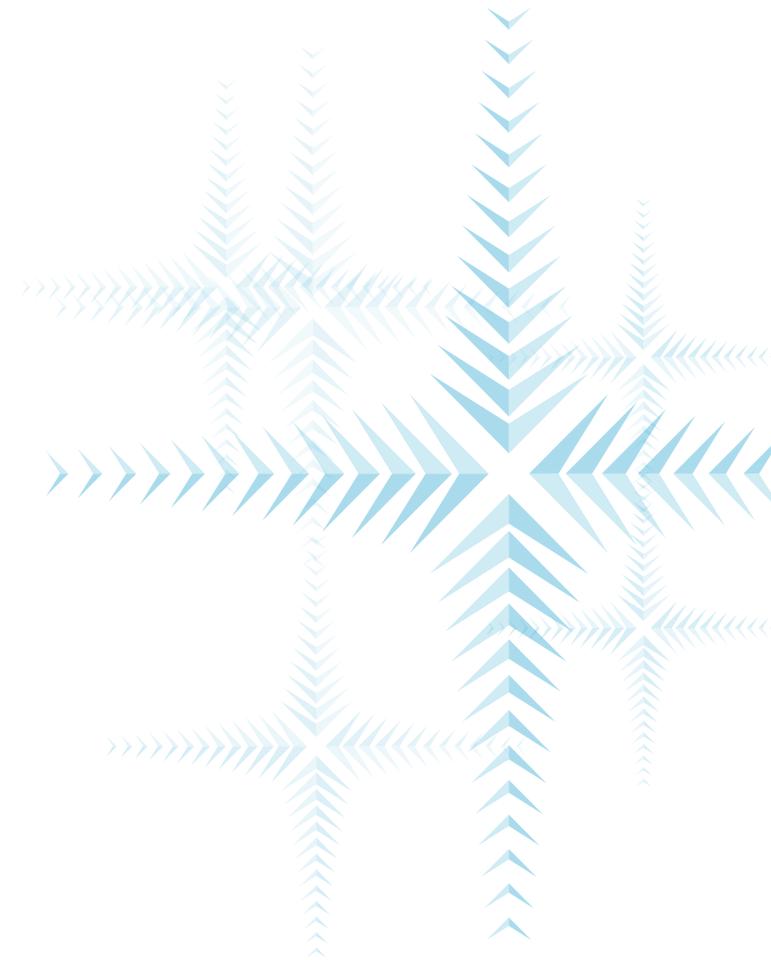
Tertiary Education: Student Achievement Component	2020/21 Actual \$000	2020/21 Budget \$000	2019/18 Actual \$000
EXPENSES			
Provision at levels 1 and 2	59,461	66,036	102,855
Provision at levels 3 and above	1,445,391	1,324,563	2,887,694
– Universities	874,892	739,301	1,813,065
– Te Pūkenga – New Zealand Institute of Skills and Technology	321,922	356,666	653,301
– Wānanga	87,265	88,961	147,783
– Private Training Establishments	161,312	139,635	273,545
Grant under section 321 of the Education Act to School of Dance and School of Drama	2,411	2,322	2,373
Information and Communications Technology Graduate Programmes	(5,848)	2,318	1,829
Technology Access Fund	2,871	-	12,610
Total expenses	1,504,286	1,395,239	3,007,361
Surplus/(deficit)	(31,108)	(42,998)	-

Revenue was \$121 million above budget following increases to the budget during the year.

Expenses were \$109 million above budget following an increase in demand for courses.

Information and Communications Technology Graduate Programmes reports a negative expense. There were significant recoveries from the three providers at the end of the five-year programme.

Revenue and expenses were reduced from last year. In March 2020 the Minister of Education confirmed that we would continue to fund tertiary education organisations at their pre-COVID-19 levels despite any potential reduction in student numbers. This caused an additional \$825 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21.



Tertiary Education: Student Achievement Component

All learners

The 2020 sector results were impacted by a number of factors, including the impact of COVID-19 on learner wellbeing, and the subsequent disruption to study and training, as well as a general corresponding level of uncertainty across the education system. Other considerations could include prolonged COVID-19 lockdowns having an unforeseen negative impact on learner wellbeing (and the subsequent disruption on returning to classroom learning).

Measure	Level	2020 Target	2020 Actual	2019 Actual
Qualification completion				
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	At least 58.2%	57.8%	58.4%
	Level 7 degree and above	At least 60.7%	61.2%	61.0%
Course completion				
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Levels 1-10	84.1%	83.2% (Note 1 and 2)	81.7%
Progression				
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		43.0%	36.4% (Note 1)	37.7%
Retention				
First year retention rates for qualification at:	Levels 4-7 non-degree	55.5%	59.3%	57.7%
	Level 7 degree and above	76.5%	76.7%	77.4%

Note 1 – A change to how we set targets has impacted learner results. In 2020 we used TEO commitments as our targets for our Educational Performance Indicators (excluding qualification completions) for the first time. TEO commitments are set as part of the Investment Plan process. Some measure results have improved but not met the new TEO commitment targets. The TEO commitments in some cases were significantly lower than recent parity results, which made the variance of result to target much larger than previous years.

Note 2 – Course completion increased from 81.7 percent to 83.2 percent but did not meet the TEO commitment target of 84.1 percent.

He Whakangungu mā ngā Rōpū ka Tohua

Training for Designated Groups

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

This appropriation links to our strategic goals



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	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Training for Designated Groups			
REVENUE			
Crown revenue			
Gateway	12,561	11,177	28,587
Industry Training Fund	88,800	67,760	282,423
Industry Training Fund — Direct Access Scheme	5,070	5,070	(100)
Industry Training-related Projects	3,950	3,950	410
Youth Guarantee	46,648	56,018	115,759
Total revenue	157,029	143,975	427,079
EXPENSES			
Gateway	10,670	11,177	28,587
Industry Training Fund	114,714	72,175	282,423
Industry Training Fund — Direct Access Scheme	-	5,070	(100)
Industry Training-related Projects	1,267	3,950	410
Youth Guarantee	35,974	56,018	115,759
Total expenses	162,625	148,390	427,079
Surplus/(deficit)	(5,596)	(4,415)	-

Revenue was \$13 million above budget following increases to the budget during the year.

Expenses were \$14 million above budget following an increase in demand for courses.

Revenue and expenses were reduced from last year. In March 2020 the Minister of Education confirmed that we would continue to fund tertiary education organisations at their pre-COVID-19 levels despite any potential reduction in student numbers. This caused an additional \$139 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21.

Training for Designated Groups

Industry training programme completion

All Learners

Measure	Group	2020 Target	2020 Actual	2019 Actual
Percentage completing programmes (Note 1)	All learners	At least 68%	66.2%	68%
	Industry Trainees	At least 70%	68.2%	70.4%
	Apprentices	At least 61%	55.4%	61.5%

Note 1 – The decline in industry training programme completion rates could be attributable to a number of factors. Firstly, the sub-sector saw significant workplace disruptions due to COVID-19 restrictions and many workplaces could not host training assessments. Consequently, many apprenticeships and traineeships were put on hold and these learners could not achieve credits toward their programmes during this time. There was also a high number of withdrawals from training before completion because of employment uncertainty – traditionally, employers have responded to economic uncertainty by scaling back hiring intentions for new employees. Lastly, the number of apprentices significantly increased in the second half of 2020 following the introduction of the Targeted Training and Apprenticeship Fund (TTAF) in July and Apprenticeship Boost Initiatives (ABI) in August. The programme completion rate may have fallen as a result, as employers adjusted to accommodate new apprentices.

Youth Guarantee

Measure	2020 Target	2020 Actual	2019 Actual
Percentage of Youth Guarantee learners completing qualifications at levels 2 or 3 (Note 1)	At least 60%	51.2%	60%

Note 1 – Lower than expected completion performance could be attributed to a number of factors. These could include: the prolonged COVID-19 lockdown having an unforeseen negative impact on learner wellbeing and the subsequent disruption on returning to classroom learning; greater dependency on a face-to-face learning environment from a high-needs learner cohort that has limited access to devices and study spaces at home.

Gateway

Measure	2020 Target	2020 Actual	2019 Actual
Total participants and number of schools	13,200 ± 5% in up to 375 schools	14,660 (Note 1) in 386 schools	14,333 In 378 schools

Note 1 – Total participants is the number of participants funded each year. Actual funded in 2020 includes 1,985 learners funded but not delivered as a result of COVID-19 recovery write off. The total number of participants in 2020 (excluding those funded but not delivered) was 12,675, which is still within the target range of 13,200 ±5%.

He Utu Nama-kore Fees-free Payments

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

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	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Fees-free Payments			
REVENUE			
Crown revenue			
Fees-free Payments	139,226	268,413	370,087
Targeted Training and Apprenticeship Fund	198,420	160,000	-
Total revenue	337,646	428,413	370,087
EXPENSES			
Fees-free Payments	139,226	268,413	370,087
Targeted Training and Apprenticeship Fund	198,420	160,000	-
Total expenses	337,646	428,413	370,087
Surplus/(deficit)	-	-	-

Revenue and expenses were \$91 million below budget. Our budget is set to ensure that sufficient funding is available for the TEC to pay providers so there is likely to be an underspend each year.

Revenue and expenses were reduced from last year. In March 2020 the Minister of Education confirmed that we would continue to fund tertiary education organisations at their pre-COVID-19 levels despite any potential reduction in student numbers. This caused an additional \$89 million of grants revenue and expenditure to be recognised in 2019/20 instead of 2020/21.

Fees-Free Payments

Measure	2020 Target	2020 Actual	2019 Actual
Average fees-free payments (including GST) received by first year Fees Free learners (Note 1)	At least \$5,787	\$5,857	\$5,736

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

Trend information only (no targets set)

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

Note 1 – The number of first-time learners benefitting from fees-free payments has decreased significantly this year because of the introduction of the Targeted Training Apprenticeship Fund (TTAF) which is one of the Government's new COVID-19 response funds. TTAF supports learners to undertake vocational education and training without fees from 1 July 2020 to 31 December 2022.

Targeted Training and Apprenticeships

2020 Trend information (no target set for 2020)

Measure	2020 Actual	2019 Actual
Number of learners in Targeted Training and Apprenticeship Fund-eligible apprenticeships (Note 1)	53,635 (Note 2)	Not applicable

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

Note 2 – The Targeted Training and Apprenticeship Fund (TTAF) came into effect at 1 July 2020. During the six-month period (July to December 2020) there were 53,635 learners in TTAF-eligible apprenticeships.

Note 3 – The aim of TTAF is to minimise the impact of COVID-19 on apprentice numbers. We are expecting to limit the decline in apprentice numbers to no more than 5% of the pre-COVID-19 number of 51,332. Consequently, 'at least 48,765' apprentice learners is our target for 2021.





Ngā ākonga Māori, ngā ākonga
Moana nui ā Kiwa hoki

MĀORI AND PACIFIC LEARNERS

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

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

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

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

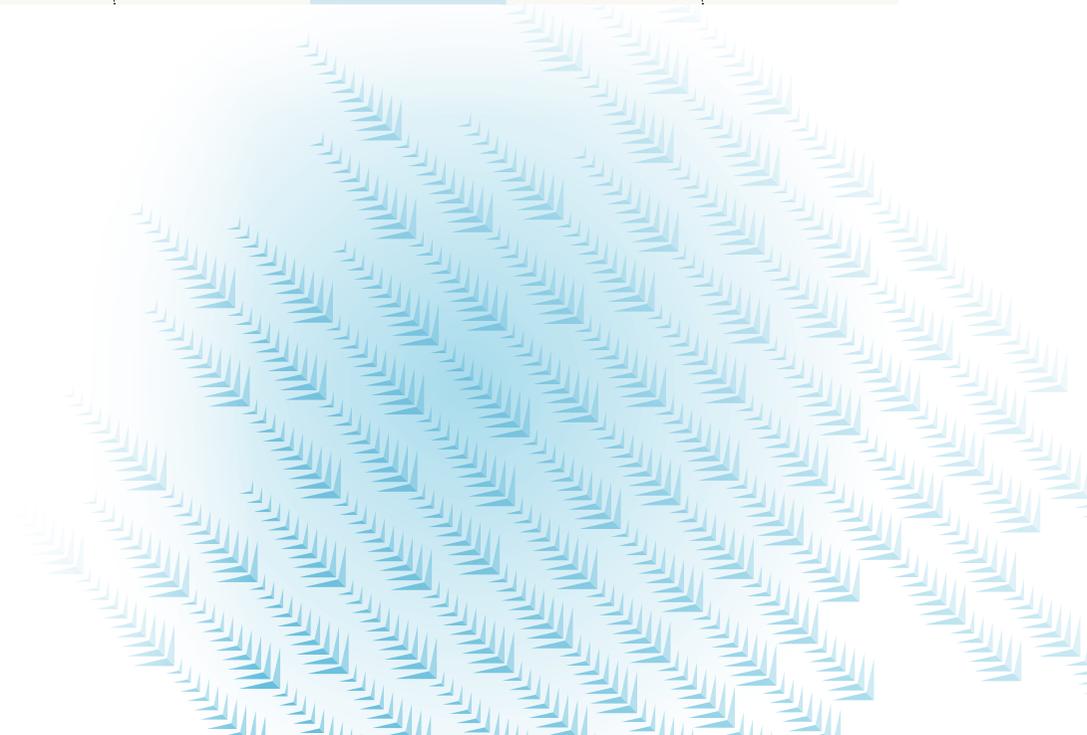
Māori learners

Tertiary Education: Student Achievement Component

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

Measure	Level	2020 Target	Group	2020 Actual		2019 Actual	
		Parity gap			Parity gap		Parity gap
Qualification completion							
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	Maintain no parity gap	Māori	60.5%	3.8 percentage points (Note 1)	60.3%	2.4 percentage points
			Non-Māori and non-Pacific	56.7%		57.9%	
	Level 7 degree and above	No more than -16 percentage points	Māori	49.4%	-15.1 percentage points	48%	-15.5 percentage points
			Non-Māori and non-Pacific	64.5%		63.5%	

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



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

Measure	Level	Group	2020 Target		2020 Actual		2019 Actual	
			TEO commitments	Parity gap		Parity gap		Parity gap
Course completion								
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Levels 1-10	Māori	79.6%	-6.9 percentage points	73.0%	-14.2 percentage points (Note 1)	75.4%	-11.4 percentage points
		Non-Māori and non-Pacific	86.5%		87.2%		86.8%	
Progression								
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		Māori	43.3%	0.5 percentage point	37.0%	0.8 percentage point	35.8%	1.1 percentage points
		Non-Māori and non-Pacific	42.8%		36.2%		34.7%	
Retention								
First year retention rates for qualification at:	Levels 4-7 non-degree	Māori	55.6%	-0.8 percentage point	54.3%	-6.9 percentage points (Note 1 & 2)	52.2%	-7.1 percentage points
		Non-Māori and non-Pacific	56.4%		61.2%		59.3%	
	Level 7 degree and above	Māori	70.6%	-7.7% percentage points	69.1%	-9.8 percentage points (Note 1 & 2)	67.6%	-11.1 percentage points
		Non-Māori and non-Pacific	78.3%		78.9%		78.7%	

Note 1 – A change to how we set targets has impacted Māori learner results. In 2020 we used TEO commitments as our targets for our Educational Performance Indicators (excluding qualification completions) for the first time. TEO commitments are set as part of the Investment Plan process. Some of the parity results have improved but not met the new TEO commitment targets. The TEO commitments in some cases were significantly lower than recent parity results, which made the variance of result to target much larger than previous years.

Note 2 – The parity gap for retention rates for Māori at both levels decreased but did not meet the new TEO commitment targets.

Training for Designated Groups – Industry training programme completion

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

		2020 Target	2020 Actual		2019 Actual	
Measure	Group	Parity gap	Programme completion	Parity gap	Programme completion	Parity gap
Percentage completing programmes	Māori	No more than -6 percentage points	62.2%	-5.0 percentage points	62.4%	-6.4 percentage points
	Non-Māori and non-Pacific		67.2%		68.8%	



Pacific learners

Tertiary Education: Student Achievement Component

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

Measure	Level	2020 Target	Group	2020 Actual		2019 Actual	
		Parity gap		Qualification completion	Parity gap	Qualification completion	Parity gap
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	No more than -2.1 percentage points	Pacific	55.7%	-1.0 percentage point	55.9%	-1.8 percentage points
			Non-Māori and non-Pacific	56.7%		57.7%	
	Level 7 degree and above	No more than -16.5 percentage points	Pacific	47.7%	-16.8 percentage points	47.8%	-16.7 percentage points
			Non-Māori and non-Pacific	64.5%		64.5%	

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

Measure	Level	Group	2020 Target		2020 Actual		2019 Actual	
			TEO commitments	Parity gap		Parity gap		Parity gap
Course completion								
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Levels 1-10	Pacific	76.6%	-9.9 percentage points	73.2%	-14.0 percentage points	71.1%	-13.6 percentage points
		Non-Māori and non-Pacific	86.5%		87.2%		84.7%	
Progression								
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		Pacific	43.3%	1 percentage point	34.7%	-1.5 percentage points	41.8%	7.1 percentage points
		Non-Māori and non-Pacific	42.8%		36.2%		34.7%	
Retention								
First year retention rates for qualification at:	Levels 4-7 non-degree	Pacific	48.5%	-7.9 percentage point	52.4%	-8.8 percentage points (Notes 1 & 2)	47.2%	-12.1 percentage points
		Non-Māori and non-Pacific	56.4%		61.2%		59.3%	
	Level 7 degree and above	Pacific	73.2%	-5.1 percentage points	70.3%	-8.6 percentage points	72.5%	-6.2 percentage points
		Non-Māori and non-Pacific	78.3%		78.9%		78.7%	

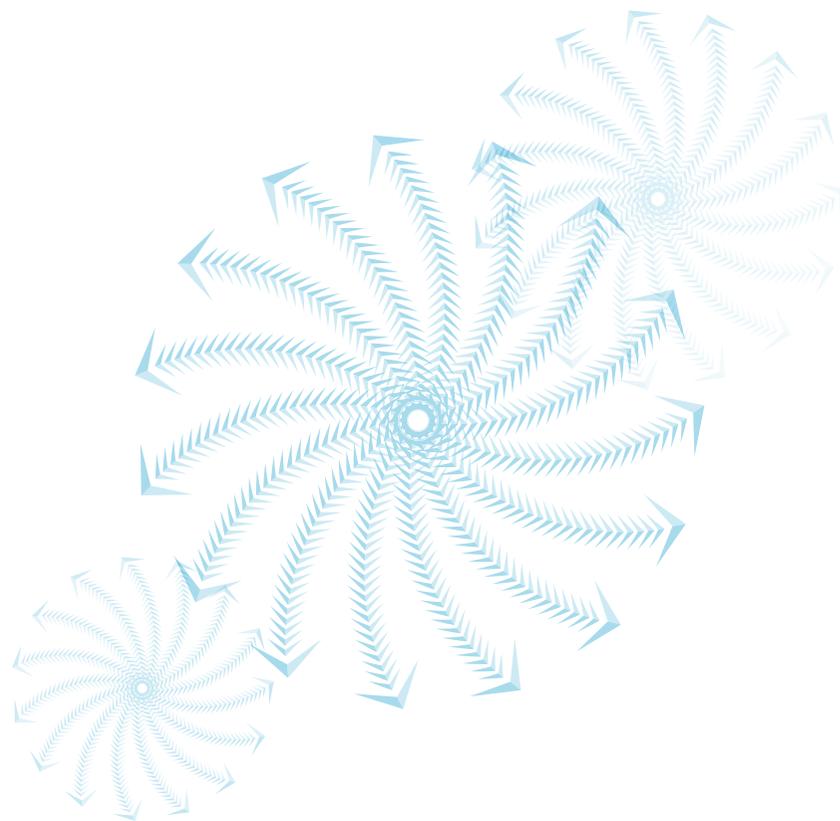
Note 1 – A change to how we set targets has impacted Pacific learner results. In 2020 we used TEO commitments as our targets for our Educational Performance Indicators (excluding qualification completions) for the first time. TEO commitments are set as part of the Investment Plan process. Some of the parity results have improved but not met the new TEO commitment targets. The TEO commitments in some cases were significantly lower than recent parity results, which made the variance of result to target much larger than previous years.

Note 2 – The parity gap for retention rates for Pacific learners (levels 4-7 non-degree) decreased significantly from -12.1 percentage points to -8.6 percentage points but did not meet the TEO commitment target of -7.9 percentage points.

Training for Designated Groups – Industry training programme completion

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

Measure	Group	2020 Target	2020 Actual		2019 Actual	
		Parity gap	Programme completion	Parity gap	Programme completion	Parity gap
Percentage completing programmes	Pacific	Maintain no parity gap	65.6%	-1.6 percentage points	69%	0.2 percentage point
	Non-Māori and non-Pacific		67.2%		68.8%	





Wāhanga ono: Tauākī pūtea
Part six: Financial statements

Ā mātou tauākī pūtea

Our financial statements explained

COVID-19 decreased our grants expenditure in 2020/21 by \$1.1 billion

Providing funding certainty in response to COVID-19 meant moving \$1.1 billion of grant funding from 2020/21 to 2019/20.

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

This decision was designed to give certainty to education providers but it caused a big change in our financial statements. We unconditionally guaranteed tertiary education organisations' funding for the entire 2020 calendar year and therefore recognised the full 2020 calendar year funding expense in the 2019/20 year.

This increased both our revenue and expenses in 2019/20 by \$1.1 billion and decreased 2020/21 revenue and expenses by \$1.1 billion. The change was only to acknowledge our future obligations. The schedule of cash payments remained the same.

Our grants expense has decreased by \$1.8 billion from 2019/20 to 2020/21.

This is the combination of the \$1.1 billion increase in 2019/20 and the reversal of the \$1.1 billion in 2020/21, a \$2.2 billion difference between the two years.

This is partially offset by increases to appropriations and new initiatives in 2020/21. There was a matching decrease in revenue. This also impacted Receivables and Payables in 2019/20. For information regarding Receivables and Payables, refer to pages 138 and 140 to 141.

The transfer of the future obligation to 2019/20 also decreased our grants payable by \$1.1 billion during 2020/21. That change was partially offset by a net increase in the level of delivery by providers in 2020/21. There was a matching change in receivables from the Crown.

The Reform of Vocational Education increased our operating expenditure by \$11 million

We received \$12 million of funding and spent \$11 million on continuing our work on the Reform of Vocational Education project during the year.

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

We also received nine appropriation changes during the year that were not included in our original budget. These included \$3 million for Direct Career Services, \$1 million for Targeted Training and Apprenticeship Fund operational costs and an in-principle transfer of \$2 million for Review of Vocational Education.

Our expenditure explained

We have two types of expenditure:

- › Grants: in a normal year, we invest just over \$3 billion into tertiary education organisations. We receive this funding from the Crown through the Ministry of Education. COVID-19 caused big changes in our grants expenditure this year.
- › Operating: we also receive a much smaller amount to cover our operating expenses. Over 70% of our operating costs are staff, rent and overheads. These core costs do not fluctuate significantly from year to year. The remaining amount is spent on programmes such as the Reform of Vocational Education.

Tauākī Pūrongo
Whānui mō te
Moui Whiwhi,
Moui Utu Hoki

Statement of Comprehensive Revenue and Expense

For the year ended 30 June

	Notes	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
REVENUE				
Grants revenue:				
Vote Education/Tertiary Education – Ministry of Education (MoE) (Note 1 below)	1	2,582,937	2,503,719	4,420,737
Prior year recoveries – net		3,650	2,000	1,242
Total grants revenue		2,586,587	2,505,719	4,421,979
Operating revenue:				
Vote Tertiary Education – MoE	1	81,924	75,258	69,918
Contract – Migrant Futures		1,676	1,613	1,708
Contract – Pre-purchased English Language Tuition	1	605	560	608
Other revenue		1,381	1,512	1,846
Total operating revenue		85,586	78,943	74,080
Finance revenue:				
Interest – grants	1	36	300	152
Interest – operating	1	297	936	991
Total finance revenue		333	1,236	1,143
Total revenue		2,672,506	2,585,898	4,497,202

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

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

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

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

For the year ended 30 June

	Notes	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
EXPENSE				
Grants expense:				
Grants expense (Note 1 below)		2,614,583	2,554,018	4,422,486
Bad and doubtful debts	2	(443)	500	(1,749)
Total grants expense	2	2,614,140	2,554,518	4,420,737
Operating expense:				
Personnel costs	5	55,569	54,109	49,154
Amortisation	8	3,245	4,107	4,841
Depreciation	9	1,256	1,090	1,200
Other expenses	6	28,895	25,549	22,365
Total operating expense		88,965	84,855	77,560
Total expense		2,703,105	2,639,373	4,498,297
SURPLUS/(DEFICIT)				
Grants surplus/(deficit)		(27,517)	(48,499)	1,394
Operating surplus/(deficit)		(3,082)	(4,976)	(2,489)
Total comprehensive revenue and expense		(30,599)	(53,475)	(1,095)

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

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

Tauākī Āhuatanga Ahumoni

Statement of Financial Position

As at 30 June

	Notes	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
CURRENT ASSETS				
Receivables (Note 1 below)	4,16	647,037	493,897	1,696,156
Cash and cash equivalents	7,16	113,883	58,665	92,655
Prepayments		1,139	1,020	1,170
Total current assets		762,059	553,582	1,789,981
NON-CURRENT ASSETS				
Intangible assets	8	15,172	22,252	12,289
Property, plant and equipment	9	4,200	3,307	4,267
Total non-current assets		19,372	25,559	16,556
Total assets		781,431	579,141	1,806,537
CURRENT LIABILITIES				
Payables (Note 1 below)	3,16	610,475	458,447	1,606,389
Pre-purchased English Language Tuition – fees in advance	11	17,534	17,508	20,578
Repayment of grants funding – MoE	13	25,679	300	32,788
Employee entitlements	10	3,501	2,957	3,280
GST payable		5,336	2,858	2,268
Total current liabilities		662,525	482,070	1,665,303

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

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

Tauākī Āhuratanga
Ahumoni
(haere tonu)

**Statement of
Financial Position
(continued)**

As at 30 June

	Notes	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
NON-CURRENT LIABILITIES				
Payables	3,16	718	718	869
Provision for lease	12	120	150	120
Employee entitlements	10	669	867	711
Total non-current liabilities		1,507	1,735	1,700
Total liabilities		664,032	483,805	1,667,003
Net assets		117,399	95,336	139,534
EQUITY				
General funds	14	117,399	95,336	139,534
Total equity		117,399	95,336	139,534

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	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
EQUITY				
Balance at 1 July		139,534	140,611	140,781
Total comprehensive revenue and expense for the year		(30,599)	(53,475)	(1,095)
Repayment of grants interest – MoE	13	(36)	(300)	(152)
Capital contribution – Careers System Online		8,500	8,500	-
Balance at 30 June	14	117,399	95,336	139,534

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

Tauākī Whiwhinga, Whakapaunga Moni

Statement of Cash Flows

For the year ended 30 June

Notes	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Grants – MoE	3,615,098	3,777,418	3,259,807
Grants – prior year recoveries	3,650	2,000	1,365
Grants – Pre-purchased English Language Tuition	3,289	1,191	2,773
Operating – MoE	81,924	75,258	69,659
Operating – Pre-purchased English Language Tuition	328	279	276
Operating – other	3,178	3,125	3,509
	3,707,467	3,859,271	3,337,389
<i>Cash was applied to:</i>			
Grants payments	(3,608,868)	(3,783,018)	(3,232,865)
Payments to employees	(55,388)	(53,751)	(48,408)
Other operating payments	(25,931)	(25,636)	(23,768)
GST – net	3,069	328	6,964
	(3,687,118)	(3,862,077)	(3,298,077)
Net cash flows from operating activities	20,349	(2,806)	39,312

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	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Interest – operating	336	936	1,020
Sale of property, plant and equipment	12	-	16
	348	936	1,036
<i>Cash was applied to:</i>			
Purchase of intangible assets	(5,401)	(13,500)	(2,727)
Purchase of property, plant and equipment	(1,311)	-	(546)
	(6,712)	(13,500)	(3,273)
Net cash flows from investing activities	(6,364)	(12,564)	(2,237)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Capital Contribution – MoE	8,500	8,500	-
<i>Cash was applied to:</i>			
Repayment of grants funding – MoE	(1,257)	100	(7,804)
Net cash flows from financing activities	7,243	8,600	(7,804)
Net increase/(decrease) in cash and cash equivalents	21,228	(6,770)	29,271
Cash and cash equivalents at 1 July	92,655	65,435	63,384
Cash and cash equivalents at 30 June	113,883	58,665	92,655

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	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
Total comprehensive revenue and expense	(30,599)	(53,475)	(1,095)
Add non-cash items			
Depreciation and amortisation	4,501	5,197	6,041
Loss/(gain) on disposal of intangible assets and property, plant and equipment	109	-	(7)
Total non-cash items	4,610	5,197	6,034
Deduct interest – operating classified as investing activities	(336)	(936)	(1,020)
Deduct interest – grants classified within repayment of grants funding – MoE within financing activities	-	(300)	-
Add/(less) operating movements in statement of financial position items			
(Increase)/decrease in receivables	1,049,119	1,273,699	(1,199,606)
(Increase)/decrease in prepayments	31	(20)	(290)
Increase/(decrease) in GST payable	3,068	328	(20)
Increase/(decrease) in employee entitlements	179	329	747
Increase/(decrease) in payables	(996,792)	(1,224,538)	1,206,555
Increase/(decrease) in Pre-purchased English Language Tuition – fees in advance	(3,044)	(3,090)	(3,654)
Increase/(decrease) in repayment of grants funding – MoE	(5,887)	-	31,661
Total movements in statement of financial position items	46,674	46,708	35,393
Net cash flows from operating activities	20,349	(2,806)	39,312

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 pursuant to section 159C of the Education Act 1989. 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 2021 and were approved by our Board of Commissioners on 18 November 2021.

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 New Zealand (NZ GAAP).

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

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

Presentation currency and rounding

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

Standards issued and not yet effective but have been early adopted

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

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

Standards issued and not yet effective and not early adopted

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

We do not intend to early adopt this standard.

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

We do not intend to early adopt the amendment.

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

We do not intend to early adopt this amendment.

Summary of significant accounting policies

Significant accounting policies are included in the related notes.

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

Revenue

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

Revenue from Crown

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

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

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

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

Interest – grants

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

Interest – operating

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

Goods and Services Tax (GST)

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

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

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

Budget figures

The budget figures are derived from the *Statement of Performance Expectations 2020/21* as approved by the Board of Commissioners at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with these financial statements.

Income tax

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

Critical accounting estimates and assumptions

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

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

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

Critical judgements in applying accounting policies

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

Comparative information

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

Break down of grants expense

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



	Funding \$000	Accounting adjustment (Note 1) \$000	2021 (Note 3) \$000	2020 (Note 3) \$000
UNIVERSITIES				
Auckland University of Technology	212,959	(76,437)	136,522	294,533
Lincoln University	42,280	(10,372)	31,908	51,394
Massey University	230,637	(62,684)	167,953	294,163
University of Auckland	520,214	(153,957)	366,257	684,615
University of Canterbury	199,363	(58,204)	141,159	251,673
University of Otago	362,292	(70,294)	291,998	433,350
University of Waikato	107,246	(31,602)	75,644	142,262
Victoria University of Wellington	228,251	(69,586)	158,665	299,911
	1,903,242	(533,136)	1,370,106	2,451,901
Te Pūkenga – New Zealand Institute of Skills and Technologies				
Te Pūkenga (parent)	47,213	22,750	69,963	8,147
Ara Institute of Canterbury	76,207	(22,685)	53,522	101,280
Eastern Institute of Technology	46,220	(14,072)	32,148	66,358
Manukau Institute of Technology	61,257	(25,660)	35,597	79,898
Nelson Marlborough Institute of Technology	24,300	(5,257)	19,043	32,389
NorthTec	23,128	(5,291)	17,837	30,366
Open Polytechnic of New Zealand	50,696	(12,488)	38,208	63,679
Otago Polytechnic	60,022	(6,873)	53,149	75,775
Southern Institute of Technology	40,974	(7,332)	33,642	62,654
Tai Poutini Polytechnic	4,250	(1,496)	2,754	3,777
Toi Ohomai Institute of Technology	51,199	(14,856)	36,343	67,009
Unitec Institute of Technology	64,566	(21,554)	43,012	81,668
Universal College of Learning	34,714	(12,697)	22,017	47,646
Waikato Institute of Technology	55,431	(18,006)	37,425	79,452
Wellington Institute of Technology	30,160	(7,911)	22,249	40,505
Western Institute of Technology	16,493	(3,204)	13,289	21,304
Whitireia New Zealand	24,128	(8,451)	15,677	36,580
	710,958	(165,083)	545,875	898,487

	Funding \$000	Accounting adjustment (Note 1) \$000	2021 (Note 3) \$000	2020 (Note 3) \$000
WĀNANGA				
Te Wānanga o Aotearoa	132,258	(17,864)	114,394	151,564
Te Wānanga o Raukawa	20,391	(5,377)	15,014	21,512
Te Whare Wānanga o Awanuiārangi	24,293	(10,784)	13,509	32,486
	176,942	(34,025)	142,917	205,562
Total TEI grants	2,791,142	(732,244)	2,058,898	3,555,950
Other tertiary education organisation grants	815,454	(259,769)	555,685	866,536
Bad debts written off and movement in provision for uncollectable debts (Note 2)	(443)	-	(443)	(1,749)
Total grants expense	3,606,153	(992,013)	2,614,140	4,420,737

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

Note 2 – Our provision for doubtful debts reduced from \$13,785,000 in 2020 to \$13,276,000 in 2021 as per note 4. This is a \$509,000 reduction (\$443,000 exclusive of GST as per above).

Note 3 – In March 2020 the Minister of Education announced that we would continue to fund tertiary education organisations at the levels set out in their investment plans despite any potential reduction in student numbers. The accounting implications of this decision meant that \$1,112 million of grants revenue and expenditure were recognised in 2019/20 instead of 2020/21. Refer to 'Our financial statements explained' on page 124 for further details.

3. Payables

Accounting policy

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

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

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

Exceptions are as follows:

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

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

Lease incentives

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

Break down of payables

	2021 \$000	2020 \$000
GRANTS: NON-EXCHANGE TRANSACTIONS		
Tertiary grants payable (Note 1)	587,470	1,579,483
Accrued expenses	15,559	23,085
Creditors	13	16
Total grants payables	603,042	1,602,584
OPERATIONS: EXCHANGE TRANSACTIONS		
Current portion		
Accrued expenses	6,242	3,533
Creditors	1,035	53
Lease incentive	150	150
Revenue received in advance	6	69
Total current portion	7,433	3,805
Non-current portion		
Lease incentive	718	869
Total non-current portion	718	869
Total operations payables	8,151	4,674
Total payables	611,193	1,607,258

Note 1 – In March 2020 the Minister of Education confirmed that we would continue to fund tertiary education organisations at their pre-COVID-19 levels despite any potential reduction in student numbers. The accounting implications of this decision meant that \$1,112 million of grants revenue and expenditure were recognised in 2019/20 instead of 2020/21. This also impacted Receivables and Payables in 2019/20.



4. Receivables

Accounting policy

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

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

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

As per note 3 we have a large tertiary grants payable. The Ministry of Education acknowledged through a June 2016 Memorandum of Understanding that we would record a receivable from it equal to the amount of our payable.

We also have a balance sheet mechanism receivable from the Ministry of Education. It is funded from underspends in the Tertiary Tuition and Training multi-category appropriation. This helps us manage cost pressures within and across financial years.

Break down of receivables and further information

	2021 \$000	2020 \$000
MoE tertiary grants receivable (non-exchange transaction) (Note 1)	587,470	1,579,483
MoE balance sheet mechanism receivable (non-exchange transaction)	46,380	92,380
Tertiary grants receivables (non-exchange transaction)	25,960	37,339
MoE other grants receivable (non-exchange transaction)	-	-
Other accounts receivable (exchange transaction)	503	739
Provision for uncollectability	(13,276)	(13,785)
Total receivables	647,037	1,696,156

Note 1 – In March 2020 the Minister of Education confirmed that we would continue to fund tertiary education organisations at their pre-COVID-19 levels despite any potential reduction in student numbers. The accounting implications of this decision meant that \$1,112 million of grants revenue and expenditure were recognised in 2019/20 instead of 2020/21. This also impacted Receivables and Payables in 2019/20.

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

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

As at 30 June 2020	Gross \$000	Provision \$000	Net \$000
Not past due	1,673,740	-	1,673,740
Past due 1-30 days	660	(353)	307
Past due 31-60 days	299	-	299
Past due 61-90 days	15,643	(53)	15,590
Past due > 90 days	19,599	(13,379)	6,220
Total	1,709,941	(13,785)	1,696,156

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

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

	2021 \$000	2020 \$000
Balance at 1 July	13,785	15,796
Increase/(decrease) in provision (Note 1)	(456)	(2,011)
Receivables written off during the year	(53)	-
Balance at 30 June	13,276	13,785

Note 1 – This is inclusive of 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.

Break down of personnel costs and further information

	2021 \$000	2020 \$000
Salaries	41,169	36,205
Contractors	11,426	9,990
Redundancy cost	34	75
Contributions to defined contribution plans	1,178	1,040
Additional provision for leave entitlements	593	901
Training and development	243	246
Other personnel expenses	926	697
Total personnel costs	55,569	49,154

Employee remuneration

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

	Number of employees 2021	Number of employees 2020
560,001 to 570,000	-	1
510,001 to 520,000	1	-
430,001 to 440,000	1	-
320,001 to 330,000	1	1
310,001 to 320,000	1	1
270,001 to 280,000	1	1
260,001 to 270,000	-	1
250,001 to 260,000	1	-
210,001 to 220,000	2	2
200,001 to 210,000	2	2
190,001 to 200,000	3	-
180,001 to 190,000	6	3
170,001 to 180,000	10	8
160,001 to 170,000	6	8
150,001 to 160,000	8	8
140,001 to 150,000	19	18
130,001 to 140,000	21	15
120,001 to 130,000	26	22
110,001 to 120,000	36	25
100,001 to 110,000	41	25
Total employees	186	141

During the year, eight employees (2020: 2) received compensation and other benefits in relation to cessation totalling \$225,695 (2020: \$74,958).

Board of Commissioners' remuneration

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

		2021 \$	2020 \$
CURRENT COMMISSIONERS			
Jenn Bestwick (Chair) (Note 1)	appointed December 2018	47,174	34,714
Vivien Bridgwater	appointed December 2018	22,400	22,400
Kirk Hope	appointed December 2019	22,400	13,067
Dr Alastair MacCormick (Note 2)	appointed June 2017	33,593	29,862
Nancy McConnell	appointed June 2019	22,400	22,400
Wayne Ngata	appointed December 2019	22,400	13,067
John Russell	appointed June 2019	22,400	22,400
PAST COMMISSIONERS			
Nigel Gould (past Chair)	term ended January 2020	-	26,460
Sir Christopher Mace	term ended November 2019	-	9,333
Phil O'Reilly	term ended September 2019	-	5,600
Vanessa Stoddart	term ended December 2019	-	11,200
Total Commissioners' fees		192,767	210,503

Note 1 – Jenn Bestwick was elevated to Deputy Chair in December 2019 before being elevated to Chair in February 2020. The amount paid to Jenn Bestwick also includes \$1,814 for attendance at two Lincoln University Governance and Oversight Group meetings.

Note 2 – The amount paid to Dr Alastair MacCormick includes \$11,183 related to attendance at 15 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 or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

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

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

Break down of other expenses and further information

	Note	2021 \$000	2020 \$000
Consultants		3,904	3,460
Managing third-party delivery		5,446	4,964
Computer operations		6,993	4,050
Property rental		2,257	2,279
Capital charge		1,653	2,004
Travel		456	637
Legal fees		667	617
Commissioners' fees	5	193	211
Audit fees for audit of financial statements		189	186
Telephone, tolls and postage		152	137
Performance-Based Research Fund panel members' fees		898	117
Insurance		96	89
Other fees paid to auditors – assurance services		-	44
Other supplies and services		5,991	3,570
Total other expenses		28,895	22,365

Operating leases as lessee

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

	2021 \$000	2020 \$000
Not later than one year	2,278	2,305
Later than one year and not later than five years	8,112	8,266
Later than five years	1,803	3,690
Total non-cancellable operating leases	12,193	14,261

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

7. Cash and cash equivalents

Accounting policy

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

Break down of cash and cash equivalents

	2021 \$000	2020 \$000
OPERATIONS		
Cash at bank	515	2,319
Term deposits with maturities less than three months	27,000	22,000
Total operations cash and cash equivalents	27,515	24,319
GRANTS		
Cash at bank	70,670	50,006
Term deposits with maturities less than three months	-	-
Total grants cash and cash equivalents	70,670	50,006
PRE-PURCHASED ENGLISH LANGUAGE TUITION		
Cash at bank	2,698	1,330
Term deposits with maturities less than three months	13,000	17,000
Total Pre-purchased English Language Tuition cash and cash equivalents	15,698	18,330
Total cash and cash equivalents	113,883	92,655

8. Intangible assets

Accounting policy

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

Amortisation

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

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

Impairment of intangible assets and property, plant and equipment

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

Non-cash-generating assets

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

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

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

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

Critical judgements in applying accounting policies

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

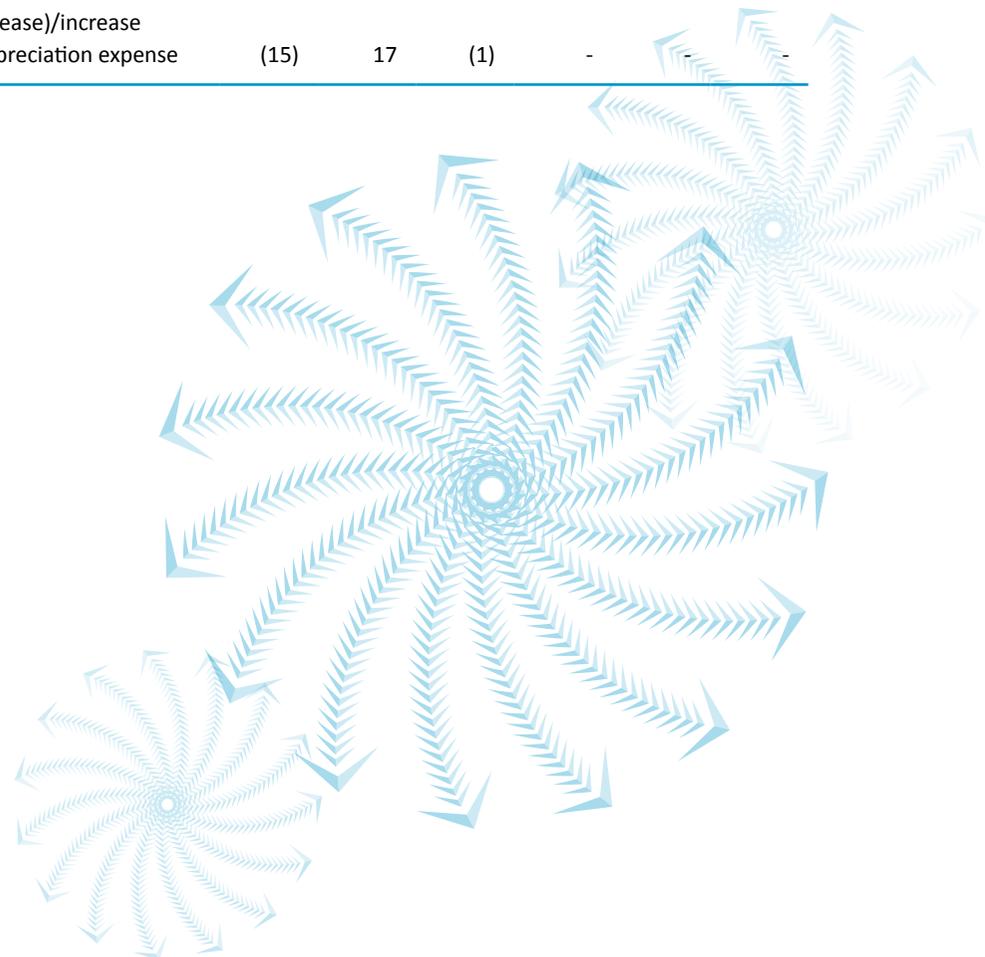
At each balance date the useful lives and residual values of intangible assets and property, plant and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of intangible assets and property, plant and equipment requires a number of factors to be considered.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

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

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

In our assessment of useful lives of intangible assets and property, plant and equipment for the current balance date, we noted a number of intangible assets and computer equipment that we expect to keep in use beyond their useful lives. The effect of these changes on expected amortisation and depreciation expense is noted below.

	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000
(Decrease)/increase in amortisation expense	(321)	(67)	200	(50)	(50)	288
(Decrease)/increase in depreciation expense	(15)	17	(1)	-	-	-



Break down of intangible assets and further information

Movements for each class of intangible assets are as follows:

2021					
	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Balance at 1 July	2,260	7,705	1,321	1,003	12,289
Transfers from work in progress	56	3,507	(56)	(3,507)	-
Amortisation and impairments	(556)	(2,689)	-	-	(3,245)
Additions	-	-	9	6,119	6,128
Balance at 30 June	1,760	8,523	170	4,719	15,172
Cost	7,014	33,969	170	4,719	45,872
Accumulated amortisation	(5,254)	(25,446)	-	-	(30,700)
Balance at 30 June	1,760	8,523	170	4,719	15,172
2020					
	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Balance at 1 July	3,037	4,815	1,428	5,337	14,617
Transfers from work in progress	321	6,633	(321)	(6,633)	-
Amortisation and impairments	(1,098)	(3,743)	-	-	(4,841)
Additions	-	-	214	2,299	2,513
Balance at 30 June	2,260	7,705	1,321	1,003	12,289
Cost	9,266	31,590	1,321	1,003	43,180
Accumulated amortisation	(7,006)	(23,885)	-	-	(30,891)
Balance at 30 June	2,260	7,705	1,321	1,003	12,289

The amount of contractual commitments for the acquisition of intangible assets is \$5,770,000 (2020: \$1,090,000).

There are no restrictions over the title of intangible assets nor are any intangible assets pledged as security for liabilities.

Work-in-progress costs comprise projects that are in progress, pending capitalisation.

9. Property, plant and equipment

Accounting policy

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

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

Additions

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

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

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

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

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation

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

Class	Useful life	Depreciation rate
Leasehold improvements	Life of lease	
Computer equipment	2.4-5 years	20-40% straight line
Office equipment	5 years	20% straight line
Furniture and fittings	10 years	10% straight line
Motor vehicles	5 years	20% straight line

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

Impairment of property, plant and equipment, and critical accounting estimates and assumptions

Refer to the policy on intangible assets in note 8.

Break down of property, plant and equipment and further information

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

2021							
	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Motor vehicles \$000	Work in progress \$000	Total \$000
Balance at 1 July	2,835	932	13	486	-	1	4,267
Transfers from work in progress	-	810	-	258	-	(1,068)	-
Depreciation and impairments	(417)	(620)	(13)	(206)	-	-	(1,256)
Additions	-	-	-	-	-	1,388	1,388
Disposals	-	(175)	-	(24)	-	-	(199)
Balance at 30 June	2,418	947	-	514	-	321	4,200
Cost	4,366	3,168	132	820	-	321	8,807
Accumulated depreciation	(1,948)	(2,221)	(132)	(306)	-	-	(4,607)
Balance at 30 June	2,418	947	-	514	-	321	4,200

2020							
	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Motor vehicles \$000	Work in progress \$000	Total \$000
Balance at 1 July	3,066	1,322	41	502	-	152	5,083
Transfers from work in progress	168	297	-	80	-	(545)	-
Depreciation and impairments	(399)	(677)	(28)	(96)	-	-	(1,200)
Additions	-	-	-	-	-	394	394
Disposals	-	(10)	-	-	-	-	(10)
Balance at 30 June	2,835	932	13	486	-	1	4,267
Cost	4,390	4,098	201	942	43	1	9,675
Accumulated depreciation	(1,555)	(3,166)	(188)	(456)	(43)	-	(5,408)
Balance at 30 June	2,835	932	13	486	-	1	4,267

There are no contractual commitments for the acquisition of property, plant and equipment (2020: \$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 a number of factors determined on an actuarial basis. Two key assumptions used in calculating this liability include the assumed salary escalation rate and assumed resignation rate. Any changes in these assumptions will affect the carrying amount of the liability.

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



Break down of employee entitlements and further information

	2021 \$000	2020 \$000
CURRENT PORTION		
Annual leave	2,309	2,230
Salaries and wages	875	762
Retirement and long service leave	110	85
Severance provision	177	177
Sick leave	30	26
Total current portion	3,501	3,280
NON-CURRENT PORTION		
Retirement and long service leave	531	548
Severance provision	45	45
Sick leave	93	118
Total non-current portion	669	711
Total employee entitlements	4,170	3,991

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	627	14	641
Salary growth: 1% per year	580	12	592
Salary growth: 3% per year	679	16	695
Resignation rates: 150% of assumed	596	13	609
Resignation rates: 50% of assumed	664	14	678
Discount rates: 0.05% increase	625	14	639
Discount rates: 0.05% decrease	630	14	644

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

Accounting policy

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

Break down of Pre-purchased English Language Tuition

	2021 \$000	2020 \$000
Balance at 1 July	20,578	24,232
Fees received from migrants	3,611	3,039
Fees paid to providers	(3,132)	(3,359)
Refund of unused fees to Ministry of Business, Innovation and Employment	(2,918)	(2,726)
Contract expense – administration	(605)	(608)
Balance at 30 June	17,534	20,578

12. Provision for lease

Accounting policy

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

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

Lease make good provisions

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

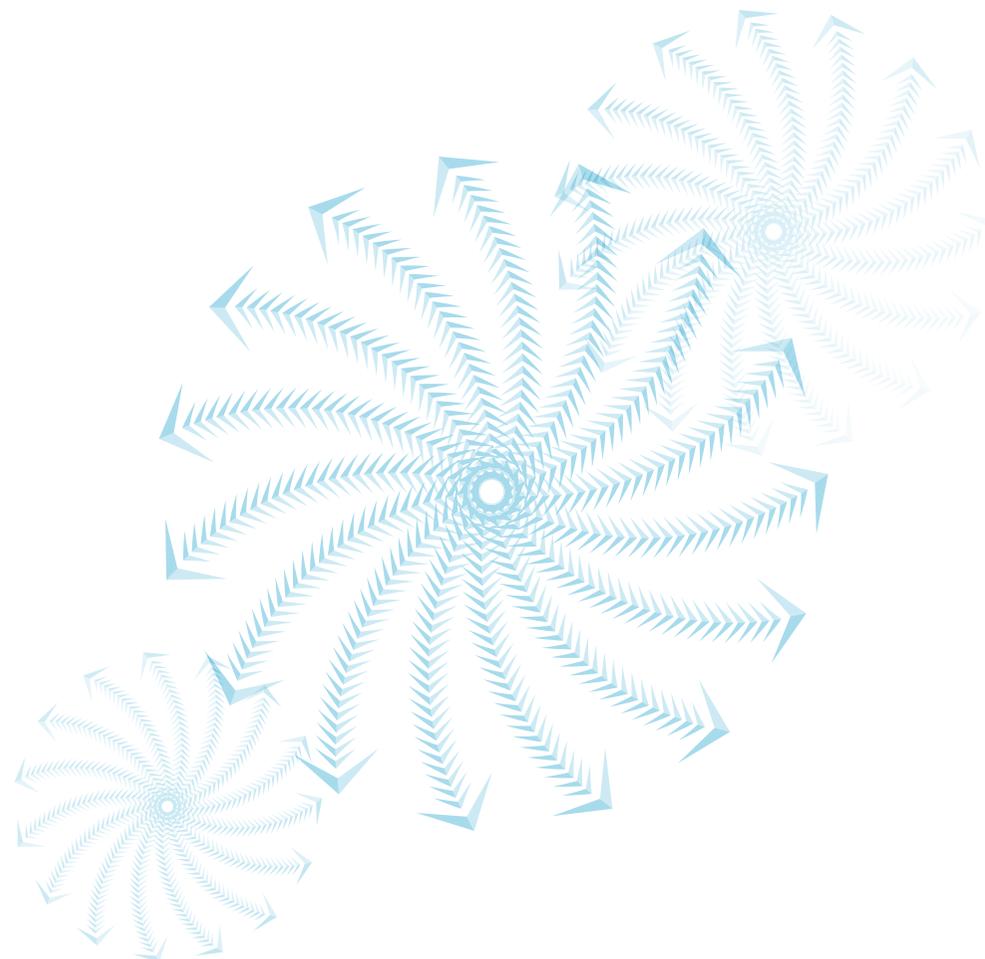
We lease five floors at 44 The Terrace, Wellington. At the expiry of the lease term we are required to make good any damage caused and remove any installed fixtures and fittings. The cost is based on the market value of replacement items as specified in the lease agreements. We estimate this to be \$120,000.

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

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

Break down of provision for lease

	2021 \$000	2020 \$000
Provision for lease	120	120
Total provision for lease	120	120



13. Repayment of grants funding – Ministry of Education

Accounting policy

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

Break down of repayment of grants funding – Ministry of Education

	2021 \$000	2020 \$000
Balance at 1 July	32,788	8,778
Repayments of opening balance	(32,788)	(8,778)
Prior year recoveries	560	823
Excess funding drawn	25,083	31,813
Interest	36	152
Balance at 30 June	25,679	32,788

14. Equity

Accounting policy

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

Capital management

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

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

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

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

Break down of equity

	2021 \$000	2020 \$000
GRANTS EQUITY		
Balance at 1 July	107,739	106,497
Surplus/(deficit) for the year	(27,517)	1,394
Repayment of grants interest – MoE	(36)	(152)
Balance at 30 June	80,186	107,739
OPERATIONS EQUITY		
Balance at 1 July	31,795	34,284
Surplus/(deficit) for the year	(3,082)	(2,489)
Capital contribution	8,500	-
Balance at 30 June	37,213	31,795
Total equity	117,399	139,534

15. Related party transactions

We are controlled by the Crown.

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

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

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions, consistent with the normal operating arrangements between government agencies.

We have no related party transactions to disclose.

	2021 \$000	2020 \$000
COMMISSIONERS		
Remuneration	193	211
Full-time equivalent members	0.9	1.0
LEADERSHIP TEAM		
Remuneration	2,336	2,348
Full-time equivalent members	7.0	6.8
Total key management personnel remuneration	2,529	2,559
Total full-time equivalent personnel	7.9	7.8

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.

Board of Commissioners' remuneration is provided in note 5.

Key management personnel include Commissioners, the Chief Executive and Deputy Chief Executives.

16. Financial instruments

Financial instrument categories

We are party to financial instrument arrangements as part of our normal operations. The categories of financial assets and liabilities are as follows:

	2021 \$000	2020 \$000
LOANS AND RECEIVABLES		
Cash and cash equivalents	113,883	92,655
Receivables	647,037	1,696,156
Total loans and receivables	760,920	1,788,811
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Payables (current portion)	610,475	1,606,389
Payables (non-current portion)	718	869
Total financial liabilities measured at amortised cost	611,193	1,607,258

Financial instrument risks

Market risk – interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. There were no interest rate options or interest rate swap options in place as at 30 June 2021. 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

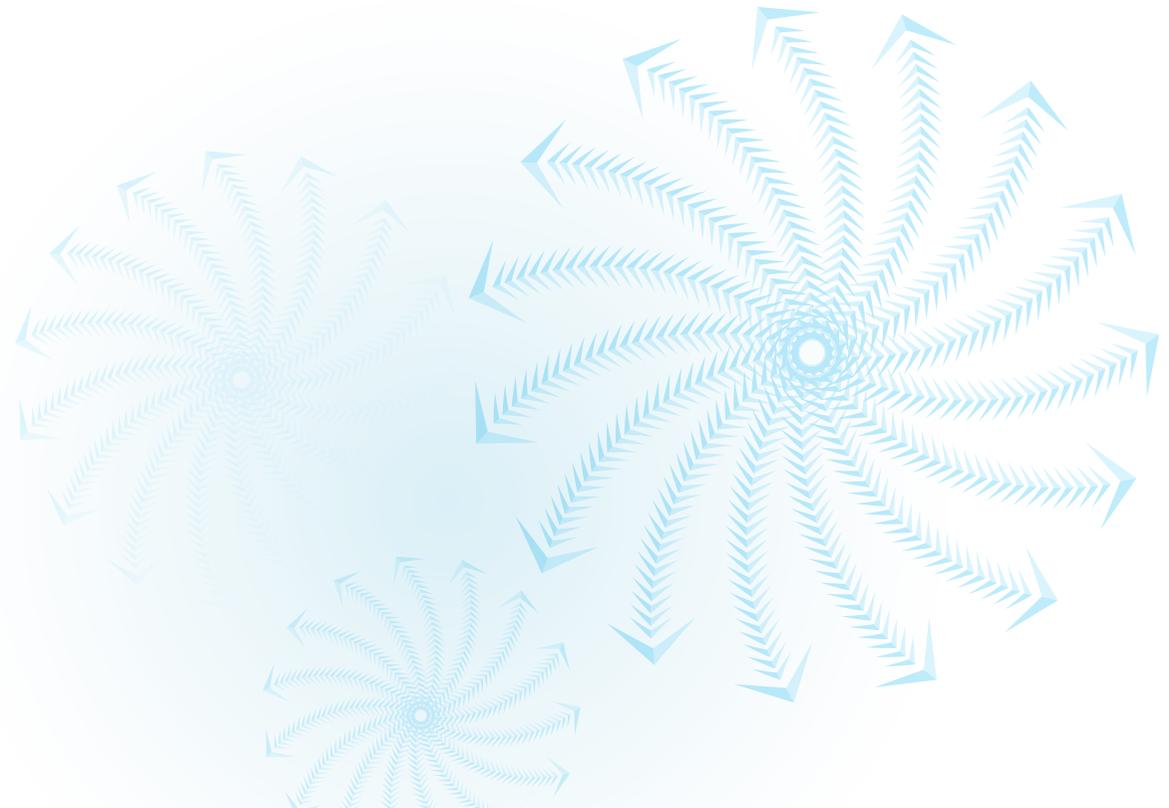
There are no contingent liabilities for the current year (2020: nil).

Contingent assets

We have a contingent asset that arises from the likelihood of realising recoveries from some tertiary education organisations. The amount relates to grants expenses and is likely to be returned to the Crown if realised. The investigations are progressing but there is no certainty on the amounts that may be recovered. This has not changed from 2020.

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 2020/21* are as follows:

Statement of Comprehensive Revenue and Expense

Grants revenue

Grants revenue was \$81 million above budget as a result of additional funding provided during the year. This was partially offset by lower draw downs in other appropriations where some expenditure was delayed or deferred to 2021/22.

Operating revenue

Operating revenue was \$7 million above budget. We received nine appropriation changes during the year, including \$3 million for Direct Career Services, \$1 million for Targeted Training and Apprenticeship Fund operational costs and an in-principle transfer of \$2 million for Review of Vocational Education.

Grants expense

Grants expense was \$60 million above budget as a result of additional funding provided during the year. This was partially offset by underspends in other appropriations where some expenditure was delayed or deferred to 2021/22.

Operating expense

Operating expense was \$4 million above budget following the \$7 million of operating revenue increases. This was slightly offset by our core costs (personnel, depreciation and travel costs) being under budget as a result of continued vacancies, turnover and delayed spend on COVID-19-related activity.

Statement of Financial Position

Receivables

Receivables were \$153 million above budget. This was largely owing to an increase in our Ministry of Education tertiary grants receivable, caused by greater demand for tertiary education than was budgeted.

Cash and cash equivalents

Cash and cash equivalents were \$55 million above budget. This was a combination of both grants (\$48 million) and operating (\$7 million). For grants, we drew down more cash than budgeted owing to the uncertainty of timing of payments of new allocations. For operating, core costs and capital spend were under budget.

Intangible assets

Intangible assets were \$7 million below budget. We originally budgeted to spend \$13.5 million on capital but spent just under \$8 million. We also reclassified some of our capital spend as operating expenditure during the year and accelerated the depreciation of some items near the end of their useful lives.

Payables

Payables were \$152 million above budget. This was largely owing to an increase in our tertiary grants payable, caused by greater demand for tertiary education than was budgeted.

Repayment of grants funding – Ministry of Education

Repayment of grants funding was \$25 million above budget. Additional funding drawn in June was not required during the month.



Wāhanga whitu: Ngā tāpiringa
Part seven: Appendices

Āpitianga A: Ko ā mātou herenga hei kaiwhakawhiwhi mahi pai

Appendix A: Our good employer requirements

Leadership, accountability and culture

We ran our second employee experience survey (He waka eke noa) and saw an increase in our employee experience score. In addition to the focus areas from the previous year around leadership, performance management, purpose and vision and project management, is a focus on role and responsibilities, behaviours and technology. We have made progress in each of these areas:

- › Leadership – a forum for all people leaders meets quarterly with the Chief Executive and Executive Leadership Team. These meetings are designed so there is a specific focus on strategic, operational and people topics. Managers have met to plan and set priorities for the year ahead.
- › Purpose and Vision – since the launch of our Purpose and Vision, we have developed our values and behaviours and embedded these into the organisation.
- › Performance Management and Remuneration system review – a new performance management system called Coaching Kōrero has a greater focus on coaching and development and on behaviours. The work done on a new remuneration system has been put on hold due to the changing employment relations environment. Remuneration will be discussed at future bargaining for a new Collective Agreement.
- › Project management – our Enterprise Portfolio Management Office has an improved reporting tool and templates; in-house project management training has been provided and a review of programme governance completed.

- › Role and responsibility clarification is ongoing and forms part of the Investment Review.
- › Technology – as we work towards becoming a flexible organisation, we have moved to MS Teams, which has been set up in all meeting rooms. All staff now have laptops and can work easily from their primary work location, at home or remotely.

Recruitment, induction and selection

Recruitment to roles to support key projects has continued throughout 2020/21, e.g. the Reform of Vocational Education (RoVE), COVID-19 funds, Tahatū and Inspiring the Future. The upgrade to our current recruitment software is pending final penetration testing. The upgrade to the software will reduce the amount of manual processing for both hiring managers and human resources staff.

Our application form captures data on whether a person identifies as living with the effects of an illness and/or disability alongside other vetting questions.

Our induction process and communications have been improved to ensure new staff are getting simple, clear, and timely information and support when they begin work at the TEC. Each new starter is assigned a buddy.

With flexible working now an option, new people complete a working-from-home checklist. Induction includes health and safety and privacy information that is specific to the organisation. A refresh of induction will occur in the next year to include our focus on becoming an equity-minded, learner-centric, culturally affirming organisation.

Employee development, promotion and exit

Last year's employee experience survey *He waka eke noa* identified our people wanted changes to our performance management system.

We reviewed our performance management system and introduced our new 'Coaching Kōrero', which has a greater emphasis on coaching and development. We replaced the five-point rating scale with one rating, i.e. 'TEC Achiever', as we believe all staff come to work to do a good job.

Staff work with their managers on their development plans, looking at both formal learning and on-the-job opportunities to grow experience and capability. Project management in-house training has been offered and improved governance around our key programmes of work has been undertaken with the Executive Leadership Team.

With the RoVE and COVID-19 initiatives, we have approximately 40 staff on internal secondments.

Our Māori Language Plan actions will be reviewed. Te reo Māori classes continue to be well attended. Lifting cultural capability will be a significant focus for 2021/22. An operational plan has been developed to achieve this.

Data and commentary is provided to a monthly Organisational Performance Management meeting on the percentage and numbers of staff leaving the organisation, including regrettable turnover. Staff are offered exit questionnaires and interviews so we can understand and learn from their experiences. A number of staff have taken up the opportunities to have face-to-face interviews.

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

As a result of COVID-19 lockdowns we identified that staff wanted the option to work remotely from home. We launched Tōunui Tōu Ora – our flexible working project. The aim is to maintain the wellbeing and productivity gains made through COVID-19 lockdowns.

The project will be ongoing for at least a year as the design and change work continues. People appreciate having the choice in balancing work and home and reducing commute times, as well as the benefit of being in the office among colleagues.



Remuneration, recognition and conditions

As part of the work we have been doing following bargaining for a new Collective Agreement (CA) in February 2020, we worked alongside the Public Service Association (PSA) to review our remuneration system.

The draft remuneration system is now on hold with the release of the Government Workforce Policy Statement and Public Service Pay Guidance. Further discussions regarding remuneration will be included in bargaining for a new CA in September.

Consultants from Strategic Pay (external advisors on remuneration and performance) are reviewing our job evaluation for our senior roles to ensure relativities both internally and with the market.

An analysis of our gender pay gap was undertaken in August 2020. The reason for the gender pay gap is mostly due to the lack of representation of women in senior leader roles and information/technology roles and an over-representation of women in administrative roles. An action plan is being prepared.

We continue to hold regular meetings with the PSA to discuss common issues. The PSA has representation on our Safety and Wellbeing committee, performance and remuneration review and gender pay working group and more recently, supporting change processes.

We conducted focus groups to identify how we recognise our people. This work will continue in the next year and has a more important focus for us, given we are in a pay restraint environment.

Harassment and bullying prevention

We launched our Values and Behaviours last year. Teams have been in discussion about identifying behaviours that support these values. Staff are encouraged to call out any behaviours that are not in keeping with the values.

The Public Service Commission introduced a serious misconduct vetting process. Each agency has incorporated this question into their application process. A further check is carried out on preferred candidates before being offered a role. This only applies to people who have worked in the Public Service in the last three years. This is an additional vetting process to ensure we have applicants who uphold the Public Service standards of conduct and integrity.

Safe and healthy environment

The Safety and Wellbeing Policy and Employee Participation Agreement Terms of Reference were updated in consultation with our people and the PSA. Nominations for Health and Safety Representatives (HSRs) resulted in four additional HSRs. The Safety and Wellbeing Committee meets quarterly, with HSRs holding monthly stand-up meetings.

During the COVID-19 response there were frequent updates from the Chief Executive and Executive Leadership Team on wellbeing, where to seek support, resources and tools. Our COVID-19 Alert Level plan framework provided details of our plans at each level with the focus being on maintaining people's wellbeing using Te Whare Tapa Whā model of health.

We have provided information and links to information regarding the COVID-19 vaccination programme. We surveyed staff on wellbeing in the annual employee experience and pulse surveys. Staff wellbeing has been maintained with ongoing surveying of workload. We ran a number of resilience training workshops for all staff and phone de-escalation training for our Customer Contact Group.

We have run two further Business Continuity Planning exercises and stood up the Critical Incident Management Team on each occasion when there were changes to the Alert Levels due to COVID-19.

The Board continues to receive monthly updates on safety and wellbeing, as well as KPIs on accident and incidents, lost time, sick leave and annual leave. There has been a greater focus by the Board and Executive Leadership Team on annual leave and sick leave, encouraging staff to have plans for taking annual leave and if sick to remain at home.

GOSH (an online tool) is our online health and safety system. This provides centralised reporting of accidents and incidents and follow up on corrective actions. Staff training can also be recorded here.

A Disability Action Plan has been approved. As part of our commitment to supporting the employment of disabled people, we have employed a staff member through the Flexi-wage scheme through the Ministry of Social Development



Āpitihianga B: Ko te mana ārahi me te noho haepapa

Appendix B: Governance and accountability

Our Board of Commissioners



Jenn Bestwick
Chair



Dr Alastair MacCormick



Vivien Sutherland Bridgwater



John Russell



Nancy McConnell



Kirk Hope



Dr Wayne Ngata

Whatitata me te Whakau – Risk and Assurance Committee members 2020/21

Dr Alastair MacCormick (Chair)
Nancy McConnell
John Russell (from August 2020)
Jenn Bestwick (until August 2020)
Jeremy Morley (Independent Consultant)

Ohu Tangata – People and Culture Committee (previously Remuneration Committee) members 2020/21

Vivien Sutherland Bridgwater (Chair)
Jenn Bestwick
John Russell (from August 2020)
Dr Wayne Ngata (from August 2020)
Kirk Hope (until August 2020)

Matai Punaha – System Responsiveness Committee (from August 2021)

Kirk Hope (Chair)
Jenn Bestwick
Nancy McConnell
Dr Wayne Ngata

Āpitihianga C: Kuputaka

Appendix C: Glossary

Adult and Community Education	ACE	Community-based education that provides adults with foundation skills and pathways into other learning opportunities that meet identified community needs and funded priorities.
Centres of Asia-Pacific Excellence	CAPEs	Committed to enhancing Aotearoa New Zealand's economic engagement and cultural understanding with the Asia-Pacific region, and building New Zealanders' understanding and ability to engage.
Centres of Research Excellence	CoREs	Inter-institutional research networks with researchers working together on a commonly agreed work programme; each hosted by a university and generally comprising a number of partner organisations, including other universities, Crown Research Institutes and wānanga.
Centres of Vocational Excellence	CoVEs	Provide a focus for driving innovation and excellence in vocational education by strengthening links with industry and communities.
Education Performance Indicators	EPIS	One set of measures used to assess the performance of TEOs and to make future investment decisions. They are designed to help TEOs manage and monitor their own performance and to deliver on their agreed tertiary education services.
Equivalent full-time students	EFTS	The main unit of measurement of the consumption of education (with one student enrolled in a programme of study full time for the full year equating to 1.0 EFTS); also the basic unit of measurement of tertiary teaching input for Student Achievement Component funding.
Industry training organisations	ITOs	Industry-specific bodies recognised under the Education and Training Act 2020 that facilitate workplace learning for trainees in employment by setting national skills standards for their industry.
Industry Training Register	ITR	The collection mechanism for learner information, activity and achievement in industry training.
Integrated Data Infrastructure	IDI	Run by Statistics New Zealand, the IDI links government data on New Zealanders from multiple government sources, including education.
National Education and Learning Priorities	NELP	Sets high-level priorities to guide planning for early learning services, kura and schools, and assist in making progress towards the objectives for the education of our children and young people that are set out in the Education and Training Act 2020.

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.
Performance-Based Research Fund	PBRF	A fund established to ensure that excellent research in the tertiary education sector is funded and rewarded. The PBRF is accessed by universities, institutes of technology and polytechnics, wānanga and private training establishments.
Private training establishments	PTEs	Provides tertiary education or vocational training. PTEs are separate to institutions (i.e. polytechnic, university, wānanga), and are covered by, and must comply with, the Education and Training Act 2020.
Reform of Vocational Education	RoVE	Government initiative to create a unified and cohesive vocational education and training system to help New Zealanders prepare for the future of work.
Regional Skills Leadership Groups	RSLGs	A key change within the RoVE programme of work. RSLGs will provide advice about the skills needs of regions to the TEC, WDCs and local vocational education providers. They will better manage the changing skills and workforce needs in our regions and cities and support the recovery of labour markets.
Single Data Return	SDR	The collection mechanism for learner information, activity and achievement in provider-based education.
Student Achievement Component	SAC	The Government's contribution to the direct costs of teaching and learning and other costs driven by learner numbers; the largest single government fund that supports tertiary education.
Tertiary education institutions	TEIs	Providers of tertiary education that are Crown entities under the Education and Training Act 2020; namely universities, institutes of technology and polytechnics and formally established wānanga.
Tertiary education organisations	TEOs	The overarching term for all public, private or community-based organisations that offer tertiary education or tertiary-related services.
Tertiary Education Strategy	TES	Sets out the Government's long-term strategic direction for tertiary education.
Unified Funding System	UFS	The Unified Funding System is a project within the Reform of Vocational Education aimed at creating a single unified funding system that is simple, relevant and responsive to learners and employers. The UFS will cover all provider-based and work-integrated education at levels 3-7 (excluding degree study) and all industry training.
Workforce Development Councils	WDCs	A critical part of the Reform of Vocational Education. Industry-led bodies that will identify current and future workforce needs and advocate for those needs to be met by working with industries, providers, regional bodies and government.



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