Education Report: Tertiary Education Commission end of year performance assessment

To: Minister of Education

Date: 23 October 2018

Security Level: In Confidence

Priority: High

METIS No: 1137356

Drafter: Daniel Tuaci

Key Contact: Fiona O’Leary

Messaging seen by Communications team: No

DDI: s 9(2)(a)

Round Robin: Yes

Purpose of Report

This paper provides our assessment of the 2017/18 performance of the Tertiary Education Commission (TEC) and asks you to sign and send the letter to the Board Chair of TEC relating to the entity’s performance.

Summary

The Ministry of Education and Ministry of Business, Innovation and Employment (MBIE) provide a joint assessment for TEC. The Ministry of Education (the Ministry) in its monitoring function provides advice over the Crown agent Annual Report by reviewing and analysing the financial and non-financial data.

This report sits alongside TEC’s own Annual Report which you should receive at the same time as our assessment. The analysis performed is to provide assurance:

a) that the Entity has met its statutory requirements so that you can table it according to s150(3) of the Crown Entities Act 2004.

b) on the entity’s non-financial performance, and financial performance, and

The Ministry’s view is that TEC’s Annual Report for 2017/18 meets statutory requirements for content.
Recommended Actions

The Ministry of Education recommends you:

a. **note** our assessment of TEC’s performance for the 2017/18 year  

   Noted

b. **note** that in order to satisfy section 150(3) of the Crown Entities Act 2004, the responsible Minister must present TEC’s Annual Report to the House of Representatives within five working days of receiving the report, or if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament  

   Noted

c. **note** that the TEC will publish its Annual Report within 10 days of submitting the report to you to meet section 150(4) of the Crown Entities Act 2004  

   Noted

d. **note** that you have the opportunity to provide an early indication of changes you would like to see in TEC performance measurement through this report  

   Noted

e. **sign and send** the attached letter on TEC’s performance to the Board Chair  

   Agree/Disagree

f. **proactively release** this Education Report as part of the next publication  

   Release/Not release

Emily Fabling  
Deputy Secretary  
Strategy, Planning and Governance  
19/10/2018

Hon Chris Hipkins  
Minister of Education  
26/10/18
Background

1. TEC has completed its Annual Report for the year ended 30 June 2018. It received its final audit report on 1 October 2018. Crown agents must produce and provide you with an Annual Report no later than 15 working days after receiving the final audit report. The entity must then publish the Annual Report no later than 10 working days after you receive it.

2. You are required to table TEC’s Annual Report within five working days after you receive the report to satisfy s150(3) of the Crown Entities Act 2004. If Parliament is not in session, you must table the report as soon as possible after commencement of the next session.

3. Crown agents can choose to provide you with a draft Annual Report for your input but it is not required. TEC provided you with a copy of their draft Annual Report for feedback and comment on 5 September. You responded without comment on 17 September.

4. The Ministry of Education in its monitoring function provides advice over the Crown agent Annual Report by reviewing and analysing the financial and non-financial performance data. TEC involved the Ministry throughout the development of its Annual Report and has considered and taken on board Ministry feedback.

Annual Report Overview

Statutory requirements for content

5. The Ministry’s view is that the TEC’s Annual Report for 2017/18 meets statutory requirements for content. The requirements for the content of an Annual Report are set out in sections 150 to 156 of the Crown Entities Act 2004 and include having compliant information about the entity’s:
   - final audit,
   - responsibility and Board,
   - organisational capability, and
   - annual financial statements.

Report Highlights

6. TEC’s 2017/18 Annual Report signals a year of growth and change. TEC over the course of 2017/18 year has adapted to a rapidly changing environment. With changes to policy settings as well as the changing landscape of work, training and education, TEC has been agile in adapting to these changes while continuing to provide quality service offerings throughout the year.

7. TEC’s efforts in implementing Fees Free in a short timeframe is to be commended. TEC has done an excellent job working with the Ministry and joint agencies in designing and implementing robust processes. TEC is working on 2019 improvements and enhancements and its long term approach to Fees Free delivery.
8. TEC’s Annual Report also signals plans for big shifts to support system changes in the coming year. This year’s Annual Report has included shifts in how TEC:
   a) targets its investment into Tertiary Education Organisation (TEO) plans that closely align with addressing participation, retention and achievement for Māori and Pacific learners,
   b) is changing its customer facing interface and improving resources,
   c) supports TEOs to build internal capability to self-assess and adjust to changing sector demands, and
   d) is shifting from output orientated performance measures to outcome based measures.

9. TEC has set ambitious goals for Māori and Pacific learners in its Annual Report and SOI. By 2022, it aims to achieve patterns of participation and achievement for Māori and Pacific learners in tertiary education that are the same as for other learners, and that will deliver comparable post-study outcomes for graduates over time. TEC recognises that changes at a system level will also need to be further supported in the sector. It has established the Learner Success – Ōritetanga directorate which will focus on parity for learners.

10. TEC has made good progress throughout the year to support TEOs in understanding the current state of parity. It has provided information and targets in its investment toolkits to assist TEOs with developing their plans. TEC also looked at international models that address ethnic disparity and identified initiatives led by Georgia State University (GSU). TEC is currently negotiating with TEOs to design and implement prototype initiatives similar to those by GSU.

11. We see TEC’s approach to support Māori and Pacific learners heading into 2018/19 as a positive step and are pleased to see TEC aligning its investments into TEO plans that support Māori and Pacific. It will need to continue to work closely with entities, government agencies and the wider education sector to identify where inter-dependencies impact on its ability to achieve and support positive outcomes and how it will be able to scale up activities.

Customer facing services and resources

12. This year TEC added new information products that supported TEOs with their planning, decision making and internal business processes. This includes tools that allow TEOs to record employment status and earnings of learners after completion of study, and monitor its commitments against its actual deliverables and performance.

13. TEC has done well to maintain the delivery of careers services while developing its Careers System Strategy. It has continued to provide information and tools through the careers.govt.nz web portal and led two initiatives that focused on improving pathway linkages between education and work. Satisfaction surveys conducted with both learners and employers showed positive results.

14. TEC has committed to improving its data warehouse and information products. It will be important that the information products developed support and align to wider system needs and with other education IT platforms where appropriate. TEC is also further developing its careers information systems to support its Careers System Strategy and implementing its customer relationship management tool – Te Kiritaki.
We are pleased that TEC will begin implementation of its Te Kiritaki tool which will be important in understanding the diverse needs of its expanded customer base. The information will also serve to support TEOs to be able to adjust services to meet customer demand. TEC will need to continue to maintain face to face engagement with stakeholders and customers.

**TEO capability building**

13. TEC has made good progress in building the capability of the TEO network to deliver skills for industry. TEC has worked to identify key channels of engagement with the sector to ensure continuous improvement and alignment of investment into TEO plans that meet sector needs and demands.

14. TEC has continued to support the Māori and Pasifika Trades Training Programme (MPTT), Information and Communications Technology Graduate Schools and the Engineering e2e programme promoting engineering and lead innovation in training and qualification.

15. The MPTT is delivered through consortia involving TEOs, local employers and Māori and Pacific community groups. This year, the number of consortia has increased from 12 to 16 and participation of learners has increased from 1,169 to approximately 3,352 in 2018. The increase in female participation in courses from 12% to 31% is also encouraging.

**TEO monitoring**

16. TEC continues to move its monitoring capabilities towards a proactive, collaborative approach. Over the 2017/18 year TEC implemented an intelligence-lead monitoring process that uses a centralised risk register to guide its approach to planning and auditing.

17. In light of the recent issues in the ITP sector, it is critical TEC identifies where improvements can be made to its monitoring and implements these changes to provide assurance and confidence in the sector. Since these issues have arisen, TEC has increased the level of financial information it receives from the ITP sector on a monthly basis. It will need to continue to identify where there may be gaps in information/knowledge and build the necessary monitoring processes to accommodate.

18. In collaboration with the sector, TEC continues to build understanding and capability through regular updates about issues, trends and information. By building these processes within the sector, TEC will be positioned to build its intelligence across the TEO network enabling it to identify and address potential risks early.

19. This year TEC has achieved 100% of its monitoring and audit-compliance related measures. These measures however do not reflect the complexity of the sector. TEC has developed new and improved measures that focus on outcomes rather than outputs. We are encouraged by TEC’s change in methodology for assessing its performance as it will allow TEC to understand the impact of its investments on the sector.

20. We will be seeking further understanding of how monitoring and investment align and what improvements TEC will continue to develop, noting the forthcoming challenges to the sector. We will also be seeking to understand how TEC monitors appointments to TEO Boards and whether the necessary skills required are being captured.
Work Connect Programme

21. TEC continues to work closely with MBIE in delivering its programme to support migrants to be work ready for the New Zealand job market. To date TEC has done well in setting up its service delivery model and continues to refine its processes as further learnings are observed and understood.

22. TEC has now moved from identifying eligible candidates and is focused on converting expressions of interest from candidates into participants. Some migrants will already have found jobs before going into the programme. TEC has also implemented quality assurance checks ensuring services continue to target the correct audience. Evaluations will also be conducted at key points in the programme to provide assurance around whether services remain fit for purpose.

23. Due to a delayed start of Work Connect, TEC has renegotiated its targets with MBIE and remains confident it will meet overall targets set out in its contract. A review of the contract will be conducted by MBIE in two years. Given the contractual arrangement between TEC and MBIE, the Work Connect programme falls outside the scope of our monitoring and will be monitored through MBIE.

Recommendations for 2018/19

24. Outcomes from key reviews across the education sector may have impacts on TEC’s investments and careers services. TEC will need to continue to remain agile in adjusting to changes so as to maintain current service delivery and investments in 2018/19.

25. TEC has set very high goals for Māori and Pacific learners, aiming to achieve equal participation and achievement for all learners by 2022. TEC has begun to shift the way in which it makes investments and to work closely with TEOs. Its current prototyping of the GSU parity initiatives will be a major driver for meeting this goal. TEC will need to have the necessary evaluations in place and consider scalability of these prototypes moving forward.

26. Given TEC’s expanded customer base, it will be important that customer segmentation be considered. This will be important in understanding the diverse needs of its customers and it will ensure TEC service offerings and resources remain relevant, fit for purpose and its investments remain sound.

27. TEC will need to continue to develop and mature its monitoring capabilities moving into the 2018/19 year. With changes to TEC’s investment approach, robust monitoring will need to be in place to continue to identify low performing providers or providers whose sustainability is at risk.

28. As the ITP Roadmap 2020 work continues to develop throughout 2018/19, TEC will need to ensure that the necessary monitoring is put in place to provide assurance of sector sustainability.

29. To provide you with assurance on some of TEC’s key activities across 2018/19, we will be exploring the following through our monitoring engagement:

- progress of the ITP Roadmap 2020,
- updates on the Careers System Strategy,
- future Fees Free delivery model,
- alignment with the Education Portfolio Work Programme, in particular the vocational educational and training review,
- TEC customer segmentation to better understand how customer satisfaction and service varies between and within these groups.
• Information data system management. This includes monitoring oversight of the single data returns database, and
• the Quality Evaluation for the Performance Based Research Fund.

30. The Ministry will also be monitoring TECs progress against the 2018/19 Letter of Expectation.

31. You also have the opportunity to suggest areas you would like the Ministry to monitor in the 2018/19 year.

Proactive Release

32. It is intended that this Education Report is proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Annexes

Annex 1: TEC end of year performance overview
Annex 2: Non-financial performance
Annex 3: Financial performance
Annex 4: Letter to Board Chair
Annex 1: End of year performance overview

**Highlights**

**Fees Free**

TEC has successfully implemented and delivered the Government’s Fees Free policy. In 2017/18 TEC in collaboration with the Ministry and key stakeholders designed and implemented a policy that delivered on the Government’s commitment to ensuring expanded access to tertiary education. Its efforts to implement Fees Free in a short time frame is to be commenced.

TEC continues to work closely with the Ministry on further improving delivery of Fees Free for 2019 and developing a long-term delivery model. This includes adjusting the Fees Free policy to accommodate:

- TEC’s implementation of the ‘carry forward’ mechanism,
- Changes to eligibility and entitlements, and
- Operational changes.

**Careers System Strategy**

On 1 July 2017, TEC acquired the functions and services of Careers New Zealand. TEC through its Kia Rite change process has re-designed its organisation to ensure that careers services and responsibilities are fully integrated into its core business. This was also an opportunity for TEC to be able to engage with new learners who were stopping into tertiary education for the first time.

While TEC continued to deliver careers services, it also began developing its Careers System Strategy which aims to ensure New Zealanders will be ready to step into any career confident in the skills they’ve acquired. In the coming year, TEC will be moving into the implementation and delivery phase of the Careers System Strategy.

**Kia Rite – change process**

TEC began its Kia Rite change process which will recalibrate the way it will operate. Kia Rite will ensure that TEC’s investment functions and careers services are aligned and that the organisation will be flexible for staff to be able to continue to deliver services.

In 2018/19 the second stage of the Kia Rite change process will look to align its teams and units to the new structure and operating model.

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Focus for SPE development for 2019/20

Over the coming year, TEC intends to develop its Statement of Performance Expectation (SPE) for 2019/20. There is opportunity for you to provide early direction on impacts and outcomes you expect to see in this document.

Coming into the new monitoring year TEC has taken on board new measures which are in response to changes both at its operational and strategic level.

We expect to see that its SPE and SOI fully align to Government priorities and depending on timing, either signal or incorporate changes that arise as a result of key initiatives, reviews and updates. In particular this will include:

- Tertiary Education Strategy
- VET review
- NCEA review
- NZQA review

Monitoring topics across 2017/18

We have had good engagement with TEC on monitoring topics across 2017/18. In particular, we have seen TEC provide regular updates regarding Fees Free from implementation through to delivery, and provide updates on the design and development of the Careers System Strategy.

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4 &gt; 18/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees Free</td>
<td>Careers System Strategy</td>
<td>Financial sustainability</td>
<td>All topics will be carried forward in 2018/19 monitoring. We will also focus on:</td>
</tr>
<tr>
<td>Delivery of Careers Services to customers</td>
<td>TEC Investment Round 2018/19</td>
<td>Interdependency management</td>
<td>- ITF Roadmap 2020</td>
</tr>
<tr>
<td>Future state Business Strategy</td>
<td>Business Strategy and Operating Model</td>
<td>TEO Monitoring and capability</td>
<td>- PR&amp;F</td>
</tr>
</tbody>
</table>

Additional topics you want us to provide assurance across:
Annex 2: Non-financial performance

Background on non-financial performance monitoring

A Crown entity assesses its performance against intentions and measures set out in its current accountability documents.

Strategic intentions, impact measures and organisational capability measures are set out in its Statement of Intent (SOI).

Output measures are set out in its Statement of Performance Expectations (SPE).

Letters of Expectations (LOEs) are generally issued by Ministers to drive the entity's priorities across the year. Where timing allows, accountability documents are shaped by the current LOE.

As a monitoring department, the Ministry tracks the entity's progress against the intentions and measures in the accountability documents and the LOE, and engages regularly with the entity on its implementation of key areas of work. The Ministry provides independent advice on the entity's performance to the Minister on the entity's performance and annual reporting.

TEC's non-financial performance is assessed against impact and organisational capability measures set out in its SOI and its output measures set out in its SPE documents. In total there are 81 measures.

TEC non-financial performance measures 2017/18 summary

TEC is the government's key agency for investing in tertiary education and supporting the wider tertiary education and careers systems.

Measures that TEC is able to control include its capability measures, operational output measures and the Fees Free implementation measure. A more specific Fees Free measure has been developed and introduced into TEC's 2018/19 SPE. This will be a measure TEC contributes to and influences rather than controls moving forward.

Measures which TEC influences and contributes to are primarily tertiary sector output measures. These measures will have multiple inputs and external factors that contribute to the overall result.

In 2017/18 TEC was able to achieve 80% of the measures it directly controls and 43% of measures it contributes to.
Annex 2: Non-financial performance

TEC assesses its performance against impact and organisational capability measures set out in its SOI 2014/15 – 2017/18 and tertiary sector output measures set out in its 2017/18 SPE.

TEC has 16 SOI measures in total, broken down into 12 impact measures and four organisational capability measures.

TEC also has a total of 64 output measures outlined in its SPE. These measures are broken down into 20 TEC operational measures and 44 tertiary sector output measures to which TEC contributes.

*Measures controlled by TEC*

Measures that TEC controls include its capability measures, operational output measures and the Fees Free implementation measure.

*Measures TEC contributes to and influences*

Measures which TEC influences and contributes to are primarily tertiary sector output measures. These measures will have multiple inputs and external factors that contribute to the overall result.

Sector output measures that were not achieved this year were due to factors such as a strong economy, low unemployment and high labour participation. Another factor is learners leaving the compulsory education system less prepared and later transitioning into tertiary education.

These factors have a corresponding effect on sector output measures as it means more learners will move into employment rather than enter or remain in education.
Annex 2: Non-financial performance

TEC operational output measures analysis

TEC continues to perform well with regards to the operational output measures it controls. It achieved 15 of its 20 operational output measures. One measure was a new measure set in 2017/18 and established a baseline result. TEC included eight careers measures in its 2017/18 SPE following Careers New Zealand’s (Careers) transfer into the TEC.

The four measures that were not achieved relate to careers systems and services that interface directly with customers. For one of the measures, Percentage of employers or employers organisations participating in a careers initiative that agree the initiative has helped improve their connection with education organisations, delivery of an early initiative impacted the overall result of this measure. Over time, as more employers and employer organisations participated in careers initiatives, results for this measure improved.

TEC will continue to investigate the causes of the drop in results for the other three careers measures that were not achieved.

On average over the last four years, TEC managed to achieve 86% of its operational output measures. We are pleased TEC has fully integrated its careers measures to align with its operating model. This will provide a good platform for its Careers System Strategy.

TEC achieved its Fees Free implementation measure for 2017/18 and has developed more specific measure in its 2018/19 SPE. We are pleased to see TEC closely monitoring uptake of Fees Free as it aligns well with its work to support Māori and Pacific learner achievement.
Annex 2: Non-financial performance

TEC tertiary sector output measures analysis

Another area of focus relates to the proportion of Student Achievement Component (SAC) funded enrolments for Māori and Pasifika learners at NZQF level 4 or above. Prior to 2016, tertiary sector output measures for the proportion of Māori and Pasifika SAC funded enrolments at NZQF level 4 and above were not met.

This year’s target was to increase and or maintain the proportion of Māori and Pasifika learner enrolments through SAC funding.

The target was met in 2016 with an increased proportion of Māori SAC funded enrolments at NZQF level 4 and above. This year however the final result has slipped by 1% point. This was likely due to strong labour markets where learners chose to go into employment rather than education.

The proportion of Pasifika SAC funded enrolments at NZQF level 4 and above has not been met and has fallen short over the last three financial years. Although the target this year had been achieved following TEC adjusting the sector output target to maintain or increase, the percentage has remained steady at 9%.

The life cycle of learners engaged in tertiary education (participation, retention and achievement) has a heavy influence on the outcome of these measures. We see TEC’s planned work in supporting Māori and Pasifika learners as a positive step.

TEC is developing impact focussed measures in its 2019/20 SPE which will look at retention and achievement of learners.
Annex 3: Financial performance

Financial performance summary

TEC recorded a net surplus for the year of $7.47m compared to a budgeted net deficit of $1.50m. This was a result of significantly better than budget operating performance, together with marginally better grant performance.

Operating performance

The key drivers of the improved operating performance were a $4m increase in Government grants to fund the Careers transition, lower Careers operating expenditure, lower Fees Free operating expenditure, delays in the organisational restructure and capital underspend resulting in lower amortisation.

A number of these expenses will be incurred in future years and are therefore not permanent savings. This is reflected in the $5.42m budgeted operating deficit in FY19. In addition, TEC has a number of emerging cost pressures that were not anticipated when the SPE was developed. TEC will work on identifying options to try and manage these.

It should be noted that the $4m referred to above was received into the Careers appropriation however the corresponding expenditure was in the Tertiary appropriation.

Grant performance

Grant revenue and expenditure was higher than budget due to the impact of fees-free funding. This was partially offset by under-delivery of other areas of grant funding. The under-delivery was not in any one particular area of funding but across all appropriations and was driven by lower demand.

Under the balance sheet mechanism, TEC agreed with the Ministry to retain $2.5m of the grant surplus on its balance sheet.

<table>
<thead>
<tr>
<th>Table 1: Financial performance</th>
<th>FY18</th>
<th>FY18B</th>
<th>FY18F</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government grants</td>
<td>69,531</td>
<td>62,186</td>
<td>65,531</td>
<td>45,809</td>
</tr>
<tr>
<td>Other</td>
<td>5,861</td>
<td>4,372</td>
<td>5,542</td>
<td>3,877</td>
</tr>
<tr>
<td>Total</td>
<td>75,392</td>
<td>66,558</td>
<td>71,073</td>
<td>49,686</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>(44,197)</td>
<td>(40,601)</td>
<td>(43,002)</td>
<td>(30,514)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(21,194)</td>
<td>(23,448)</td>
<td>(22,875)</td>
<td>(17,598)</td>
</tr>
<tr>
<td>Depreciation &amp; amortisation</td>
<td>(5,232)</td>
<td>(5,011)</td>
<td>(5,318)</td>
<td>(4,315)</td>
</tr>
<tr>
<td>Total</td>
<td>(70,623)</td>
<td>(70,059)</td>
<td>(70,335)</td>
<td>(52,427)</td>
</tr>
<tr>
<td>Net surplus/(deficit)</td>
<td>4,569</td>
<td>(3,502)</td>
<td>4,678</td>
<td>(1,841)</td>
</tr>
</tbody>
</table>

| Grants                        |     |       |       |      |
| Revenue                       | 2,998,342 | 2,938,457 | 3,186,854 | 2,901,285 |
| Expenditure                   | (2,985,441) | (2,938,457) | (3,183,872) | (2,845,570) |
| Net surplus/(deficit)         | 2,901 | 2,009 | 23,982 | 55,715 |

| Overall                       |     |       |       |      |
| Net surplus/(deficit)         | 7,470 | (1,502) | 27,960 | 54,074 |

<table>
<thead>
<tr>
<th>Table 2: Financial performance - Operating</th>
<th>FY18</th>
<th>FY18B</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tertiary</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>55,075</td>
<td>48,765</td>
<td>50,886</td>
</tr>
<tr>
<td>Expenditure</td>
<td>(56,321)</td>
<td>(53,267)</td>
<td>(52,556)</td>
</tr>
<tr>
<td>Net surplus/(deficit)</td>
<td>(1,246)</td>
<td>(3,502)</td>
<td>(1,641)</td>
</tr>
</tbody>
</table>

| **Careers**                                |     |       |      |
| Revenue                                    | 20,225 | 16,902 | 16,107 |
| Expenditure                                | (14,411) | (16,002) | (16,010) |
| Net surplus/(deficit)                       | 5,815 | - | 97 |

Financial position summary

The Careers operating performance from FY17 is from when it was a standalone Agency.
Annex 3: Financial performance

TEC had equity at the end of FY18 of $137.01m. This is significantly higher than budget as the budget was set prior to the agreement to retain $55.4m grant surplus on the balance sheet at the end of FY17.

A better comparator is the FY18 forecast, set part way through the financial year, which estimated equity of $157.59m. The difference between this amount and actual year end equity was a result of the agreement to return the majority of excess grant revenue to the Crown.

Equity

Operating equity increased during the FY18 year due to the operating surplus and $4.90m capital contribution from careers. If TEC performs to budget in FY19, the operating equity position will reduce to a similar level as FY17.

TEC’s operating equity appears suitable for an organisation of its size and function.

Grant equity varies subject to agreement between TEC and the Ministry on any equity to retain on TEC’s balance sheet. In FY18, the retained balance was minimal.

TEC’s grant equity position allows it flexibility in the amount of funding it can allocate to TEOs.

Cash

While TEC continues to hold a significant amount of cash ($77.42m), $24.66m of this is for Pre-Purchased English Language Tuition. If this funding is not consumed, it is returned to Immigration New Zealand.

TEC’s operating cash will reduce in FY19 if budgeted results are accurate.
29 OCT 2018

Nigel Gould
Chair
Tertiary Education Commission
PO Box 27048
WELLINGTON 6141

Dear Nigel,

I have received the Tertiary Education Commission’s (TEC) Annual Report for 2017/18, alongside the Ministry of Education’s assessment. Thank you for sharing this information.

I am pleased to note that TEC has performed well against the measures set out in its Statement of Intent (SOI) 2015/16 – 2018/219 and Statement of Performance Expectations (SPE) and 2017/18. I am pleased to see the progress made towards enhancing some of its measures to better understand its impact on the sector.

I would also like to acknowledge TEC’s design and implementation of Fees Free and the speed at which it was delivered. The Board and staff have done an excellent job.

TEC will need to continue to remain agile in adjusting to changes so as to maintain current service delivery and investments in 2018/19. It will also need to have robust monitoring of the Institutes of Technology and Polytechnics sector over the year as the ITP Roadmap 2020 changes are worked through.

I look forward to seeing how TEC’s next SPE reflects the changes required to support all learners and customer engagement in achieving positive impacts on the social and economic wellbeing for New Zealand’s learners.

I appreciate your hard work, and would like to pass on my thanks to your colleagues on the Board and staff for their hard work and efforts throughout the year.

Yours sincerely,

Chris Hipkins
Minister of Education

cc Tim Fowler, Chief Executive, Tertiary Education Commission
cc Emily Fabling, Deputy Secretary, Strategy, Planning and Governance, Ministry of Education