



## Working with the TEC

The TEC funds nearly 400 PTEs who offer a wide range of tertiary education. PTEs play a crucial role in New Zealand's tertiary education system.

### Funding situation

The Government has been clear that overall funding levels for tertiary education are constrained and therefore unlikely to change significantly in the current financial climate.

While there are signals that the recession is coming to an end, this is unlikely to translate into additional money for the Government for some years. Therefore the need to control costs<sup>1</sup> and enrolments across the tertiary education sector is paramount.

### Improving performance

The Government has also been clear that it wants to see more focus on improving performance, and gaining value for money across the tertiary education system.

Over the next few years this will increasingly mean:

- further refining performance indicators and their definitions
- publishing more provider-level performance information
- rewarding high performance and moving funding from lower performing provision
- linking a proportion of funding to performance.

The TEC is working to introduce common educational performance indicators that will be adopted across the whole tertiary sector. There is scope to refine existing performance indicators, introduced for Student Achievement Component funding, so that they more accurately and consistently reflect actual educational outputs. The first part of this work is discussed in a document "*Educational Performance Indicators, Consultation with PTEs*" setting out our plans to refine the existing definitions. It is now available to view on our website at [www.tec.govt.nz](http://www.tec.govt.nz) or you can ask for a copy from your PTE peak body group.

PTEs can expect to see the TEC releasing more information about overall performance. The first document covering this performance information will soon be released in the form of a summary of 2008 performance across the tertiary education sector. The TEC is also working with the sector with a view to having comparable TEO educational performance information published by the middle of 2010.

The TEC has set minimum achievement levels for a number of funds in 2010. Providers who are unable to demonstrate the minimum performance against these indicators may have some or all of their funding removed in future years.

### A more "hands-off" relationship

The TEC is working to simplify funding and monitoring arrangements, and reduce compliance. The TEC has already taken steps to simplify arrangements, through removing the previous financial viability obligations for PTEs, and the processes associated with approving the sale and purchase of PTEs.

---

<sup>1</sup> Cost to Government includes the direct subsidies that are paid to tertiary education organisations, and also the indirect costs, such as those associated with the uptake of Student Loans and Allowances

This means however, that the onus will increasingly be on PTEs (and all TEOs in receipt of Government funding) to fully understand the requirements and accountabilities associated with the receipt of funding from the Government. You will need to keep up-to-date with guidance and information on the TEC's website as this will be the main source of information. This has just been redesigned to make it more user-friendly and responsive and the new version will be available from December.

It is also important that you access our electronic newsletter 'TEC Now' and sign up to the 'RSS feeds' provided through the revised TEC website. Information about opportunities to seek TEC funding will be provided via the TEC website and TEC Now. Most day to day dealings with the TEC will be via the website ([www.tec.govt.nz](http://www.tec.govt.nz)) and the Service Centre (0800 601 301).

### **The likelihood of change**

The TEC is responsible for the Government's approximately \$3 billion investment in tertiary education. Over the next few years we are aiming to introduce more performance based funding for PTEs. This means that current or previous funding levels do not create any automatic entitlement to future funding at any level from the TEC. It also means that providers with a history of poor performance may not receive any further funding.

We also intend to move increasingly to three-year planning and funding commitments for TEOs (including PTEs). However, PTEs need to bear in mind that there will always be the possibility of changes that can influence the level of funding that each organisation receives, or the total funding that may be available for different funds and different types of TEOs.

These changes may include:

- The Government's annual Budget, which happens in late May each year. This may lead to changes in the amount of money available for certain funds in the following calendar year, and in some cases may mean for instance that we have to change our processes and criteria for making funding allocations to PTEs, at quite a late stage in the year.
- The performance of individual PTEs. This can have a direct influence on future funding in a number of ways. PTEs that perform poorly may have their funding reduced or removed in future years.
- The aggregate performance of a number of PTEs can also have an influence. For instance in 2009, the improved performance of PTEs in fully using their SAC baseline meant that there was less funding available than in previous years for future re-allocation. This resulted in the TEC having to make changes late in the year to the criteria for calculating the baseline SAC allocations to all PTEs for 2010.

Changes that are made from one year to the next to funding and allocation methodologies can be a result of a range of factors. The TEC undertakes to make changes known to Peak Bodies as soon as practicable, and to update information about allocation methodologies on the TEC website. Some of the changes, and the implications of those changes, will not be known until shortly before initial allocations are shared with PTEs in June and July each year. If you have any questions about your work with the TEC, please take a look at the TEC website, or contact our Service Centre.