

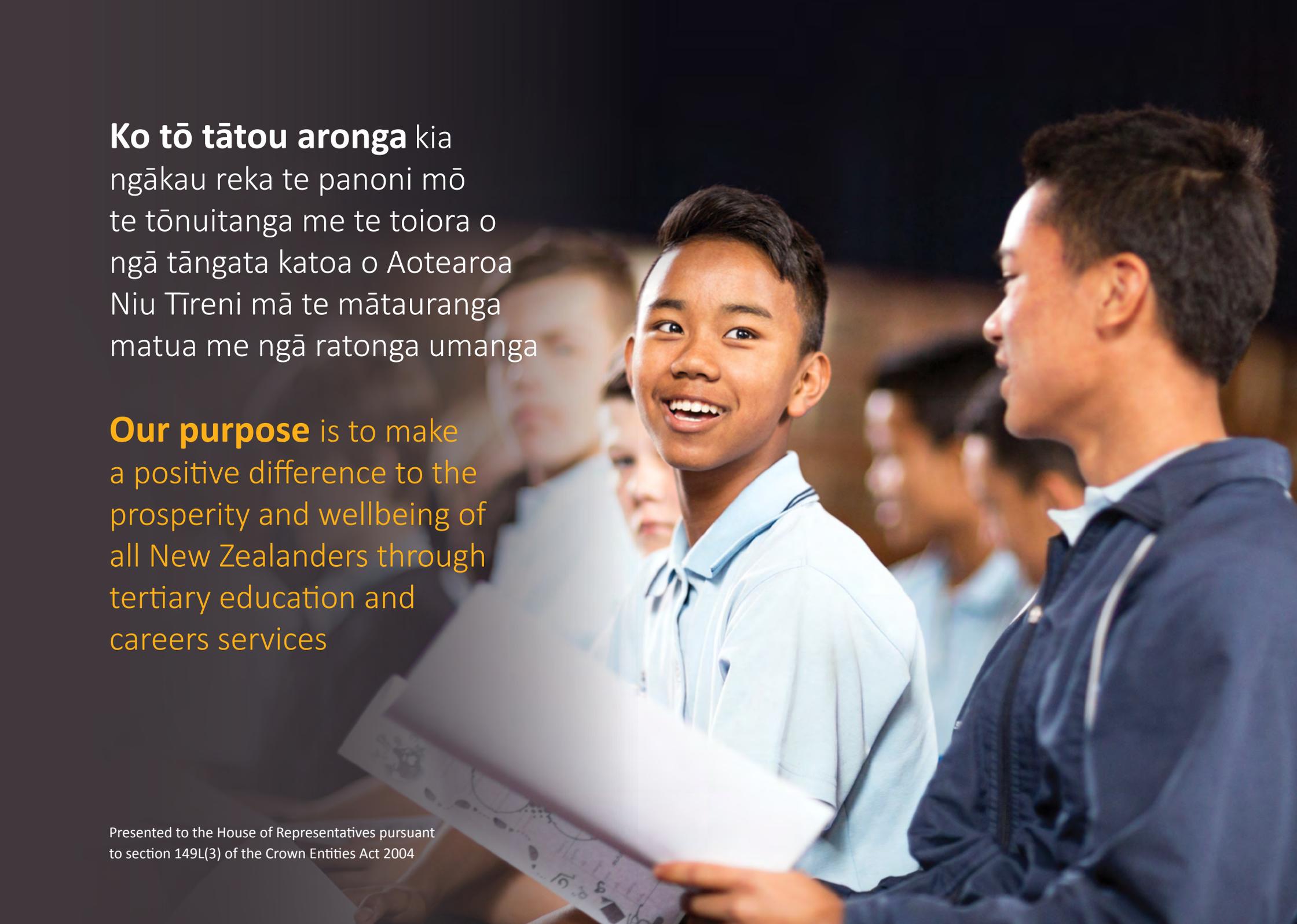


**Tertiary
Education
Commission**
Te Amorangi
Mātauranga Matua



Tauākī Whāinga Mahi Statement of Performance Expectations

2019/20



Ko tō tātou aronga kia
ngākau reka te panoni mō
te tōnuitanga me te toiora o
ngā tāngata katoa o Aotearoa
Niu Tīreni mā te mātauranga
matua me ngā ratonga umanga

Our purpose is to make
a positive difference to the
prosperity and wellbeing of
all New Zealanders through
tertiary education and
careers services

Ngā Ihirangi

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Ka whakatakoto tēnei Tauākī Whāinga Mahi i ō tātou whāinga mahi mō te tau 2019/20

This Statement of Performance Expectations sets out our performance expectations for 2019/20

It provides:

- › a base against which performance can be assessed
- › an explanation of how performance will be assessed
- › forecast financial statements.

Our medium-term strategic intentions are described in our *Statement of Intent 2019/20 - 2022/23*, which is available on our website <https://www.tec.govt.nz>.

Kua whakatakotoria ā tātou āheinga ā-ture i roto i te Education Act 1989

Our statutory functions are set out in the Education Act 1989

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
- › advise the Minister on tertiary education organisations and sector performance and on the operational impact of policy.

Ngā mea tuatahitanga o te Kāwanatanga mō Aotearoa **Government priorities for New Zealand**

The Government has adopted a set of priorities to drive cross-government work programmes. Clear emphasis has been placed on investing in education and training to ensure that all young people have the options they deserve and workers can adapt to future challenges and opportunities.

The three themes are:

1. A growing economy – this includes growing and sharing New Zealand’s prosperity more fairly through partnering with business to encourage innovation, productivity and building a skilled workforce.
2. Improve the wellbeing of New Zealanders and their families – this includes ensuring everyone who is able to, is earning, learning, caring or volunteering.
3. Building a better country which all New Zealanders can be proud of – this includes building closer partnerships with Māori and improving how the public sector responds to Māori issues.

Together, with our partner agencies in the tertiary education and careers systems, we play a key role in delivering on the Government’s priorities.

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.

We lead the Government’s relationship with the tertiary education sector in New Zealand and provide career services from education to employment. We play a key role in supporting and developing a high-quality and sustainable tertiary education system. We do this by providing 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.

Each year we spend over \$3 billion investing in tertiary education and supporting the tertiary education and careers systems. Approximately \$2.9 billion of this is invested into the tertiary education system. This supports more than 700 tertiary education organisations across New Zealand to provide all forms of post-secondary school education, including foundation education, vocational education and higher education, including research.

Ko ō tātou kiritaki

Our customers

Our role has evolved to ensure we make effective investments to improve tertiary education outcomes, while at the same time deliver careers information to all New Zealanders.

To do this we define our key customers into three main areas:

Our learners include all New Zealanders from the ages of 7-74 who need access to information and tools to help them make informed decisions about tertiary education and training, as well as to plan a career path.

Our providers include all of the Tertiary Education and Industry Training Organisations that provide these education services. We invest over \$3 billion with these providers to ensure New Zealanders have the ability to develop the knowledge and skills required for lifelong success.

Our partners include families and whānau, iwi and employers to deliver the skills and knowledge that contribute to economic and social wellbeing. The TEC is also part of the wider education sector that works together to shape the system for better outcomes. Together, we all contribute to a strong education system and improve the connections between learning and work. We also work with all of the cross-government and private enterprise organisations that help us to deliver information and services to customers and providers. Key partners include the Ministry of Education (MoE), Ministry of Business, Innovation and Employment (MBIE), Education New Zealand (ENZ) and the New Zealand Qualifications Authority (NZQA).

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.

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



STRATEGIC GOAL 1

Supporting all learners to succeed

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

STRATEGIC GOAL 2

Connecting educators and employers

There are strong connections between education and employment through collaboration and sharing of knowledge among the system and employers.



STRATEGIC GOAL 4

Building provider capability and monitoring performance

Research-based institutions contribute to New Zealand's success through:

- › innovation, connections and collaboration
- › building a world-class innovative workforce.



STRATEGIC GOAL 3

Increasing research quality and capability

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



This document sets out the Vote Tertiary Education appropriations that we are responsible for reporting against. It shows the amount we will spend through each appropriation in 2019/20 and the measures we will use to track progress towards achieving the intention of each appropriation. It also shows how each appropriation links to our four strategic goals.

We will spend over
\$3 BILLION
INVESTING
in tertiary education and
SUPPORTING
the tertiary education and
careers systems.

.....
This appropriation
supports the
Tertiary Education
and Careers Systems
.....

\$63.0
MILLION

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



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

\$2,843.4
MILLION

TERTIARY TUITION AND TRAINING

THIS INCLUDES:

COMMUNITY EDUCATION

TERTIARY EDUCATION: STUDENT ACHIEVEMENT COMPONENT

TRAINING FOR DESIGNATED GROUPS

FEE FREE

\$318.8
MILLION

TERTIARY EDUCATION RESEARCH AND RESEARCH-BASED TEACHING

\$49.8
MILLION

CENTRES OF RESEARCH EXCELLENCE

\$27.3
MILLION

TERTIARY SECTOR/INDUSTRY COLLABORATION PROJECTS

\$25.5
MILLION
ACCESS TO TERTIARY EDUCATION

\$22.2
MILLION
SECONDARY TERTIARY INTERFACE

\$15.9
MILLION
TERTIARY SCHOLARSHIPS AND AWARDS

\$10.0
MILLION
UNIVERSITY-LED INNOVATION

Tauākī Whakamaunga Atu Statement of Responsibility

This *Statement of Performance Expectations 2019/20* is produced in accordance with the requirements of sections 149B to 149M of the Crown Entities Act 2004.

This *Statement of Performance Expectations 2019/20* has been prepared as required under the Crown Entities Act 2004. We take responsibility for the statement's content, including the assumptions used in preparing the forecast financial statements and the other required disclosures. We will not update these prospective financial statements following their publication.

We use and maintain internal controls to ensure the integrity and reliability of our performance and financial reporting.

We certify that the information contained in this *Statement of Performance Expectations 2019/20* is consistent with the appropriations contained in the *Estimates of Appropriations for the year ending 30 June 2020*. These were laid before the House of Representatives under section 9 of the Public Finance Act 1989.

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

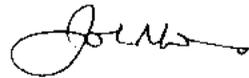


Dr Alastair MacCormick

Chair

Audit, Risk and Compliance Committee
Tertiary Education Commission

10 June 2019



John Morris

Commissioner

Tertiary Education Commission

10 June 2019



A middle-aged man with grey hair, wearing a red t-shirt, a high-visibility yellow safety vest, and a watch, stands on a metal walkway overlooking a large water treatment facility. He has his arms resting on the railings. The background shows a cloudy sky and distant hills. A semi-transparent teal banner is overlaid on the lower half of the image, containing text in both Māori and English.

Ka tautoko tātou i ngā pūnaha mātauranga
matua me ngā pūnaha umanga
**We support the tertiary education
and careers systems**

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 limited to giving effect to the Tertiary Education Strategy by effectively investing in, monitoring, informing and influencing the tertiary education and careers systems, managing the Crown's ownership interest in tertiary education institutions, and providing advice and support to Ministers.

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**

	Budget 2019/20 \$000
Administration of and Support for the Tertiary Education and Careers systems	
REVENUE	
Crown revenue	
Tertiary Education Commission	63,049
Māori Education Trust (Ministry of Education administered)	109
Contract – Pre-purchased English Language Tuition	550
Contract – Migrant Futures	1,613
Interest	1,299
Other revenue	1,512
Total revenue	68,132
EXPENSES	
Tertiary Education Commission	72,050
Māori Education Trust (Ministry of Education administered)	109
Total expenses	72,159
Surplus/(deficit)	(4,027)

How we will assess performance

Operational measures				Trend information		
Measure	2019/20 Target	2018/19 Estimated Actual	2017/18 Actual	2018/19 Estimated actual data result	2017/18 actual data result	Desired trend
Percentage of TEC-funded tertiary education organisations who agree that auditing processes were made transparent and information was accessible throughout the process	Improve on previous year's result	Baseline year	New Measure	Baseline year	Not applicable	
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	Maintain or improve on previous year's result	Baseline year	New Measure	Baseline year	Not applicable	
Percentage of tertiary education organisations who agree that our information products, tools and plan guidance were useful to prepare their investment plans	Improve on previous year's result	Baseline year	New Measure	Baseline year	Not applicable	
Percentage of careers system stakeholders who agree that our online information and tools are accessible and useful	Improve on previous year's result	80%	New Measure	80%	Not applicable	
Percentage of TEC-funded tertiary education organisations who agree that TEC information and engagement helps them to support Māori and Pacific students to succeed	Improve on previous year's result	Baseline year	New Measure	Baseline year	Not applicable	
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	Baseline year	New Measure	New Measure	New Measure	Not applicable	
Percentage of payments the TEC makes to tertiary education organisations that are accurate and timely	Maintain previous year's result	Maintained previous year's result	Maintained previous year's result	100%	100%	
The overall satisfaction rating given by the Minister of Education on the Tertiary Education Commission (Note 1)	Maintain or improve on previous year's result	Maintained or improved on previous year's result	Improved on previous year's result	Maintained or improved on previous year's result	8	

Note 1 – The 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.



Ka tuku haumi tātou ki te
mātauranga matua
We invest in tertiary education



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 2019/20 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 2017/18, 2018/19 and 2019/20.

Calendar year forecasts, targets and results are shown as 2017, 2018 and 2019.

Te whaiuru ki te Mātauranga Matua Access to Tertiary Education

This appropriation is limited to improving access to tertiary education and training.

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

Access to Tertiary Education		Budget 2019/20 \$000
REVENUE		
Crown revenue		
Equity Loading		17,149
Māori and Pacific Trades Training Top Up		8,400
Total revenue		25,549
EXPENSES		
Equity Loading		17,149
Māori and Pacific Trades Training Top Up		8,400
Total expenses		25,549
Surplus/(deficit)		-

How we will assess performance

Māori and Pacific Trades Training

Learner progression				Trend Information		
Measure	2019 Target	2018 Estimated Actual	2017 Actual	2018 Estimated data result	2017 Actual data result	Desired trend
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	Improve on previous year's result	Not improved on previous year's result	New measure	37%	41%	

Ngā Pokapū Rangahau Ikeike Centres of Research Excellence

This appropriation is limited to the purchase of cooperative and collaborative tertiary research in areas of research strength in the tertiary education sector through the contestable Centres of Research Excellence Fund.

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

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

How we will assess performance

Centres of Research Excellence

Measure	2019 Target	2018 Estimated Actual	2017 Actual
Centres of Research Excellence annual reports are reviewed and appropriate action is taken (Note 1)	Achieved	Achieved	Achieved

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



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

This appropriation is limited to funding research and research-based teaching on the basis of measured research quality in tertiary education organisations and supporting wānanga research capability.

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

	Budget 2019/20 \$000
Tertiary Education Research and Research-Based Teaching	
REVENUE	
Crown revenue	
Wānanga Research Capability Fund	3,750
Performance-Based Research Fund	315,000
- Quality Evaluation element	173,250
- Research Degree Completions element	78,750
- External Research Income element	63,000
Total revenue	318,750
EXPENSES	
Wānanga Research Capability Fund	3,750
Performance-Based Research Fund	315,000
- Quality Evaluation element	173,250
- Research Degree Completions element	78,750
- External Research Income element	63,000
Total expenses	318,750
Surplus/(deficit)	-

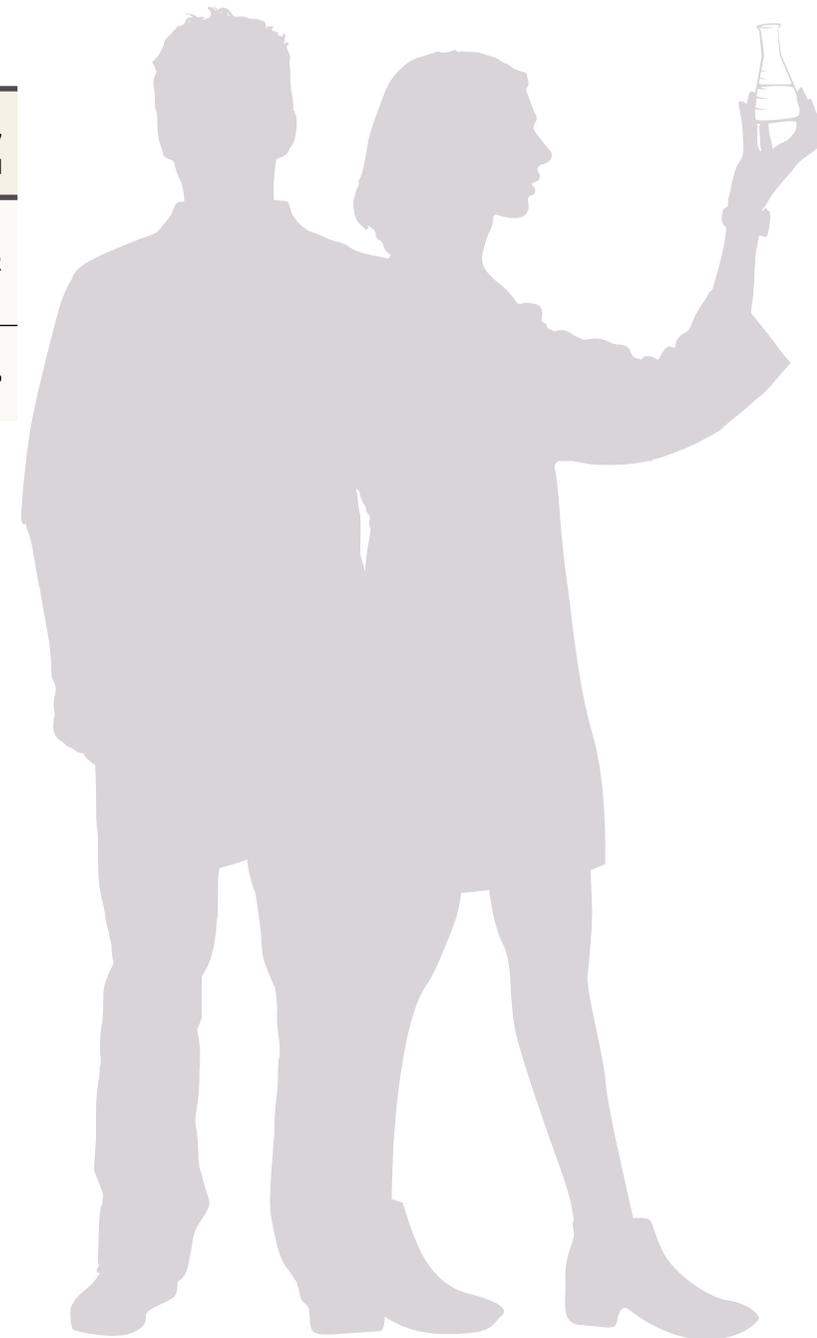
How we will assess performance

Performance-Based Research Fund

Measure	2019 Target	2018 Estimated Actual	2017 Actual
Research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions (Note 1))	Previous year's actual $\pm 5\%$	Previous year's actual $\pm 5\%$	4,062
Percentage increase in amount of external income for PBRF-eligible providers (Note 2)	3-5%	3-5%	7.9%

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 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.



Ngā Kaupapa Mahitahi ki te Rāngai Mātauranga Matua, Ahumahi hoki Tertiary Sector / Industry Collaboration Projects

This appropriation is limited to funding activities that improve the relevance to industry of tertiary education provision.

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

	Budget 2019/20 \$000
Tertiary Sector / Industry Collaboration Projects	
REVENUE	
Crown revenue	
National Centre for Tertiary Teaching Excellence	3,556
Qualification Development Fund	1,000
Information and Communications Technology Graduate Schools (Development and Delivery)	1,610
Engineering Education to Employment	500
Māori and Pacific Trades Training (Brokerage)	3,009
Māori and Pacific Trades Training (Consortium)	4,762
Centres of Asia-Pacific Excellence	9,875
Quality Teaching Agenda (Ministry of Education administered)	2,520
Early Childhood Education Qualification Translation	500
Total revenue	27,332
EXPENSES	
National Centre for Tertiary Teaching Excellence	3,556
Qualification Development Fund	1,000
Information and Communications Technology Graduate Schools (Development and Delivery)	1,610
Engineering Education to Employment	500
Māori and Pacific Trades Training (Brokerage)	3,009
Māori and Pacific Trades Training (Consortium)	4,762
Centres of Asia-Pacific Excellence	9,875
Quality Teaching Agenda (Ministry of Education administered)	2,520
Early Childhood Education Qualification Translation	500
Total expenses	27,332
Surplus/(deficit)	-

How we will assess performance

ICT Graduate Schools

Learner progression				Trend Information		
Measure	2019 Target	2018 Estimated Actual	2017 Actual	2018 Estimated data result	2017 Actual data result	Desired trend
Number of domestic equivalent full-time students in Information and Communications Technology (ICT) Graduate Schools per calendar year	Improve on previous year's result	Improved on previous year's actual	Improved on previous year's result	206	163 (Note 1)	

Note 1 – This figure was incorrectly reported in previous accountability documents as 223, which is the cumulative figure (up until the end of 2017) of students in ICT Graduate Schools since the programme began. The actual number of students in ICT Graduate Schools in the 2017 calendar year was 163.

Centres of Asia-Pacific Excellence

Measure	2019 Target	2018 Estimated Actual	2017 Actual
Centres of Asia-Pacific Excellence annual reports are reviewed and appropriate action is taken (Note 1)	Achieved	Achieved	Not applicable

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

He Auahatanga ka arahina e ngā Whare Wānanga

University-led Innovation

This appropriation is limited to supporting universities to attract entrepreneurial academics to drive collaboration between universities and established and emerging businesses.

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

This appropriation links to our strategic goals



**Supporting
all learners
to succeed**



**Connecting
educators
and employers**



**Increasing
research quality
and capability**



**Building provider
capability and
monitoring
performance**

	Budget 2019/20 \$000
University-led Innovation	
REVENUE	
Crown revenue	9,979
Total revenue	9,979
Total expenses	9,979
Surplus/(deficit)	-

How we will assess performance

Entrepreneurial Universities

Measure	2019 Target	2018 Estimated Actual	2017 Actual
Entrepreneurial Universities' annual reports are reviewed and appropriate action is taken (Note 1)	Achieved	Achieved	Not applicable

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

He Karahipi, he Whakawhiwhinga hoki mō te Taumata Mātauranga Matua

Tertiary Scholarships and Awards

This appropriation is limited to providing scholarships for tertiary students and other awards in the tertiary sector, and the provision of scholarships and bursaries to Māori and Pacific students. It includes training assistance under Queen Elizabeth II Study Awards and recognition of outstanding tertiary education teachers.

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.

	Budget 2019/20 \$000
Tertiary Scholarships and Awards	
REVENUE	
Crown revenue	
Trainee Medical Intern Grant	14,605
Tertiary Teaching Awards	200
Ministry of Education administered awards	1,080
Total revenue	15,885
EXPENSES	
Trainee Medical Intern Grant	14,605
Tertiary Teaching Awards	200
Ministry of Education administered awards	1,080
Total expenses	15,885
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.

	Budget 2019/20 \$000
Secondary-Tertiary Interface	
REVENUE	
Crown revenue	22,150
Total revenue	22,150
Total expenses	22,150
Surplus/(deficit)	-



He Akoako, he Whakangungu hoki i te Taumata Mātauranga Matua

Tertiary Tuition and Training

The overarching purpose of this appropriation is to fund tertiary tuition and training that leads to improvements in New Zealanders' skill levels.

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

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

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

	Budget 2019/20 \$000
Tertiary Tuition and Training (MCA)	
REVENUE	
Crown revenue	
Community Education	74,566
Tertiary Education: Student Achievement Component	2,115,387
Training for Designated Groups	307,323
Fees-free Payments	346,132
Total revenue	2,843,408
EXPENSES	
Community Education	74,566
Tertiary Education: Student Achievement Component	2,133,387
Training for Designated Groups	307,323
Fees-free Payments	346,132
Total expenses	2,861,408
Surplus/(deficit)	(18,000)

How we will assess performance

Overall measure

Overall course completion	Trend Information					
	2019 Target	2018 Estimated Actual	2017 Actual	2018 Estimated data result	2017 Actual data result	Desired trend
Percentage of Student Achievement Component and Youth Guarantee learners who complete 75% of their courses	Improve on previous year's result	Not improved on previous year's result	Not improved on previous year's result	74%	74%	

Mātauranga ā-Hapori Community Education

This category is limited to funding for adult and community education and literacy, numeracy and English language provision.

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

This appropriation links to our strategic goals



**Supporting
all learners
to succeed**



**Connecting
educators
and employers**



**Increasing
research quality
and capability**



**Building provider
capability and
monitoring
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	Budget 2019/20 \$000
Community Education	
REVENUE	
Crown revenue	
Adult and Community Education	23,935
Literacy and Numeracy Provision	34,901
English for Speakers of Other Languages	14,022
Emergency Management Pool	1,708
Total revenue	74,566
EXPENSES	
Adult and Community Education	23,935
Literacy and Numeracy Provision	34,901
English for Speakers of Other Languages	14,022
Emergency Management Pool	1,708
Total expenses	74,566
Surplus/(deficit)	-

How we will assess performance

Literacy and numeracy

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

Literacy and numeracy				Trend Information		
Type	2019 Target	2018 Estimated Actual	2017 Actual	2018 Estimated data result	2017 Actual data result	Desired trend
Intensive literacy and numeracy	Improve on previous year's result	Baseline year	Not applicable	66%	Not applicable	
Workplace Literacy and Numeracy (tertiary education organisation – led)	Improve on previous year's result	Baseline year	Not applicable	61%	Not applicable	
English for Speakers of Other languages	Maintain or improve on previous year's result	Baseline year	Not applicable	97%	Not applicable	

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

Mātauranga Matua: Wāhanga Whakatutukitanga Ākonga

Tertiary Education: Student Achievement Component

This category is limited to funding for teaching and learning services for enrolled students in approved courses at tertiary education organisations to achieve recognised tertiary qualifications.

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

This appropriation links to our strategic goals



Supporting
all learners
to succeed



Connecting
educators
and employers



Increasing
research quality
and capability



Building provider
capability and
monitoring
performance

	Budget 2019/20 \$000
Tertiary Education: Student Achievement Component	
REVENUE	
Crown revenue	
Provision at levels 1 and 2	93,238
Provision at levels 3 and above	2,014,840
- Universities	1,270,522
- Institutes of Technology and Polytechnics	450,247
- Wānanga	119,432
- Private Training Establishments	174,639
Information and Communications Technology Graduate Programmes	4,475
Section 321 Grants for School of Dance and School of Drama	2,834
Total revenue	2,115,387
EXPENSES	
Provision at levels 1 and 2	93,238
Provision at levels 3 and above	2,032,840
- Universities	1,281,873
- Institutes of Technology and Polytechnics	454,269
- Wānanga	120,499
- Private Training Establishments	176,199
Information and Communications Technology Graduate Programmes	4,475
Section 321 Grants for School of Dance and School of Drama	2,834
Total expenses	2,133,387
Surplus/(deficit)	(18,000)

How we will assess performance

All learners

All learners					Trend Information		
Measure	Level	2019 Target	2018 Estimated Actual	2017 Actual	2018 Estimated data result	2017 Actual data result	Desired trend
Course Completion					Course completion		
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Levels 4-7 non-degree	Improve on previous year's result	Not improved on previous year's result	Not improved on previous year's result	75%	75%	
	Level 7 degree and above	Improve on previous year's result	Not improved on previous year's result	Not improved on previous year's result	85%	87%	
Qualification completion					Qualification completion		
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	Improve on previous year's result	Not improved on previous year's result	Improved on previous year's result	54%	57%	
	Level 7 degree and above	Improve on previous year's result	Improved on previous year's result	Not improved on previous year's result	62%	61%	
Progression					Progression		
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to level 4 and above		Improve on previous year's result	Improved on previous year's result	Not improved on previous year's result	39%	38%	
Retention					Retention		
First year retention rates for qualification at:	Levels 4-7 non-degree	Improve on previous year's result	Improved on previous year's result	Improved on previous year's result	51%	49%	
	Level 7 degree and above	Improve on previous year's result	Improved on previous year's result	Improved on previous year's result	76%	75%	



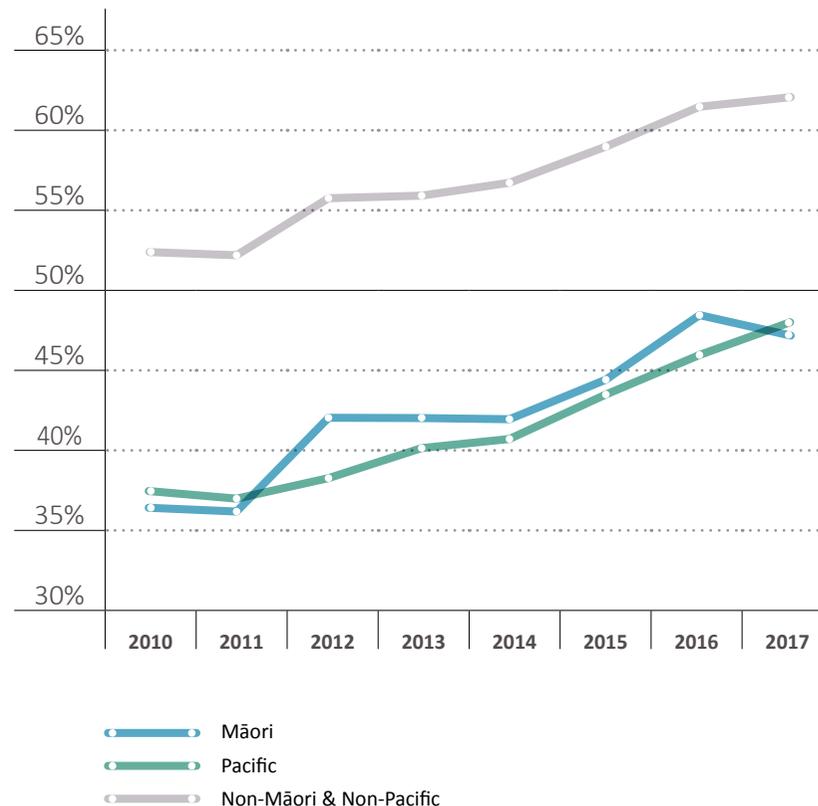
MĀORI AND PACIFIC LEARNERS

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 overall participation and achievement has increased in recent years for Māori and Pacific learners, there is still a significant gap between the participation and completion patterns of Māori and Pacific learners and that of non-Māori and non-Pacific learners. We are working with tertiary education organisations to close the gap.

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 to see the parity gap decrease.

Six-year Qualification Completion rates (level 7 degrees)



Less than half of Māori and Pacific learners who enrol in a bachelor’s degree complete their qualification in six years (compared with more than 62% for non-Māori and non-Pacific learners).

How we will assess performance

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

Māori Learners				
Measure	Level	2019 Target	2018 Estimated Actual	2017 Actual
Course Completion				
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Level 4-7 non-degree	Improve on previous year's result	Not improved on previous year's result	Not improved on previous year's result
	Level 7 degree and above	Improve on previous year's result	Not improved on previous year's result	Improved on previous year's result
Qualification Completion				
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	Improve on previous year's result	Not improved on previous year's result	Improved on previous year's result
	Level 7 degree and above	Improve on previous year's result	Not improved on previous year's result	Not improved on previous year's result
Progression				
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to levels 4 and above		Maintain previous year's result	Maintained previous year's result (Note 1)	Maintained previous year's result (Note 1)
Retention				
First year retention rates for qualification at:	Levels 4-7 non-degree	Improve on previous year's result	Not improved on previous year's result	Not improved on previous year's result
	Level 7 degree and above	Improve on previous year's result	Improved on previous year's result	Improved on previous year's result

Trend Information					
Group	2018 Estimated data result		2017 Actual data result		Desired trend (parity gap)
		Parity Gap		Parity Gap	
Course Completion					
Māori	68%	-12 percentage points	71%	-10 percentage points	
Non-Māori and non-Pacific	80%		81%		
Māori	80%	-8 percentage points	82%	-7 percentage points	
Non-Māori and non-Pacific	88%		89%		
Qualification Completion					
Māori	53%	-2 percentage points	53%	-1 percentage points	
Non-Māori and non-Pacific	55%		55%		
Māori	49%	-16 percentage points	49%	-15 percentage points	
Non-Māori and non-Pacific	65%		64%		
Progression					
Māori	41%	3 percentage points	40%	3 percentage points	(Note 1)
Non-Māori and non-Pacific	38%		37%		
Retention					
Māori	43%	-11 percentage points	43%	-8 percentage points	
Non-Māori and non-Pacific	54%		51%		
Māori	69%	-8 percentage points	67%	-10 percentage points	
Non-Māori and non-Pacific	77%		77%		

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



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

Pacific learners				
Measure	Level	2019 Target	2018 Estimated Actual	2017 Actual
Course Completion				
Percentage of Student Achievement Component-funded domestic equivalent full-time students completing courses	Level 4-7 non-degree	Improve on previous year's result	Improve on previous year's result	Not improved on previous year's result
	Level 7 degree and above	Improve on previous year's result	Not improved on previous year's result	Improved on previous year's result
Qualification Completion				
Percentage of Student Achievement Component-funded students completing qualifications	Levels 4-7 non-degree	Maintained previous year's result	Maintained previous year's result (Note 1)	Maintained previous year's result (Note 1)
	Level 7 degree and above	Improve on previous year's result	Not improved on previous year's result	Improve on previous year's result
Progression				
Percentage of students progressing: Within New Zealand Qualifications Framework levels 1-3 or from levels 1-3 to levels 4 and above		Maintain previous year's result	Maintained previous year's result (Note 1)	Maintained previous year's result (Note 1)
Retention				
First year retention rates for qualification at:	Levels 4-7 non-degree	Improve on previous year's result	Not improved on previous year's result	Not improved on previous year's result
	Level 7 degree and above	Improve on previous year's result	Improved on previous year's result	Not improved on previous year's result

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

Trend Information					
Group	2018 Estimated data result		2017 Actual data result		Desired trend (parity gap)
		Parity Gap		Parity Gap	
Course completion					
Pacific	68%	-12 percentage points	62%	-19 percentage points	
Non-Māori and non-Pacific	80%		81%		
Pacific	72%	-16 percentage points	74%	-15 percentage points	
Non-Māori and non-Pacific	88%		89%		
Qualification completion					
Pacific	55%	0 percentage points	58%	1 percentage points	(Note 1)
Non-Māori and non-Pacific	55%		57%		
Pacific	49%	-16 percentage point	49%	-15 percentage points	
Non-Māori and non-Pacific	65%		64%		
Progression					
Pacific	43%	5 percentage points	42%	5 percentage points	(Note 1)
Non-Māori and non-Pacific	38%		37%		
Retention					
Pacific	41%	-13 percentage points	42%	-9 percentage points	
Non-Māori and non-Pacific	54%		51%		
Pacific	71%	-6 percentage points	69%	-8 percentage points	
Non-Māori and non-Pacific	77%		77%		

He Whakangungu mā ngā Rōpū ka Tohua

Training for Designated Groups

This category is limited to the purchasing and arranging of training linked to the New Zealand Qualifications Framework and the purchase of both on-job and off-job training places, including delivery of fully or partially funded training places and other industry-training related projects.

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

This appropriation links to our strategic goals



**Supporting
all learners
to succeed**



**Connecting
educators
and employers**



**Increasing
research quality
and capability**



**Building provider
capability and
monitoring
performance**

	Budget 2019/20 \$'000
Training for Designated Groups	
REVENUE	
Crown revenue	
Industry Training Fund	176,894
Industry Training Fund – Direct Access Scheme	5,026
Industry Training-related Projects	3,950
Youth Guarantee	102,599
Gateway	18,854
Total revenue	307,323
EXPENSES	
Industry Training Fund	176,894
Industry Training Fund – Direct Access Scheme	5,026
Industry Training-related Projects	3,950
Youth Guarantee	102,599
Gateway	18,854
Total expenses	307,323
Surplus/(deficit)	-

How we will assess performance

Industry training programme completion

All Learners

All learners – programme completion					Trend Information		
Measure	Group	2019 Target	2018 Estimated Actual	2017 Actual	2018 Estimated data result	2017 Actual data result	Desired trend
Percentage completing programmes	All learners	Improve on previous year's result	Not improved on previous year's result	Improved on previous year's result	68%	69%	
	Industry Trainees	Improve on previous year's result	Not improved on previous year's result	Improved on previous year's result	70%	70%	
	Apprentices	Improve on previous year's result	Not improved on previous year's result	Not improved on previous year's result	45%	59%	

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

Māori learners – programme completion				Trend Information				
Measure	2019 Target	2018 Estimated Actual	2017 Actual	2018 Estimated data result		2017 Actual data result		Desired trend (parity gap)
				Programme completion	Parity gap	Programme completion	Parity gap	
Percentage completing programmes	Improve on previous year's result	Not improved on previous year's result	Improved on previous year's result	61%	-7 percentage points	66%	-3 percentage points	
				68%		69%		

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

Pacific learners – programme completion				Trend Information				
Measure	2019 Target	2018 Estimated Actual	2017 Actual	2018 Estimated data result		2017 Actual data result		Desired trend (parity gap)
				Programme completion	Parity gap	Programme completion	Parity gap	
Percentage completing programmes	Maintain previous year's result	Maintain previous year's result (Note 1)	Maintain previous year's result (Note 1)	73%	5 percentage points	74%	5 percentage points	(Note 1)
				68%		69%		

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

How we will assess performance

Youth Guarantee

Youth Guarantee learners				Trend Information		
Measure	2019 Target	2018 Estimated Actual	2017 Actual	2018 Estimated data result	2017 Actual data result	Desired trend
Percentage of Youth Guarantee learners completing qualifications at level 2 or 3 (Note 1)	Improve on previous year's result	Improved on previous year's result	Not improved on previous year's result	59%	57%	

Note 1 – From 1 January 2019 the definition of the workload for a full-time, full-year student working towards a level 2 qualification changed from 120 credits to 100 credits. Level 3 remained unchanged.

Gateway

Measure	2019 Target	2018 Estimated Actual	2017 Actual
Total participants and number of schools	13,200 ± 5% in up to 375 schools	13,261 in 379 schools	13,602 in 375 schools

He Utu Nama-kore Fees-free Payments

This category is limited to ensuring fees-free study for eligible students, apprentices and trainees.

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

This appropriation links to our strategic goals



**Supporting
all learners
to succeed**



**Connecting
educators
and employers**



**Increasing
research quality
and capability**



**Building provider
capability and
monitoring
performance**

	Budget 2019/20 \$000
Fees-free Payments	
REVENUE	
Crown revenue	346,132
Total revenue	346,132
Total expenses	346,132
Surplus/(deficit)	-

How we will assess performance

All Learners

All first-time learners			
Measure	2019 Target	2018 Estimated Actual	2017 Actual
Percentage increase in first-time (Note 1) domestic learners (including industry training) at level 3 and above	Improve on previous year's result	Baseline year	Not applicable

Trend Information		
2018 Estimated data result	2017 Actual data result	Desired trend
Baseline year	Baseline year	

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

Māori first-time learners			
Measure	2019 Target	2018 Estimated Actual	2017 Actual
Percentage increase in first-time (Note 1) domestic learners (including industry training) at level 3 and above	Improve on previous year's result	Baseline year	Not applicable

Trend Information					
Group	2018 Estimated data result		2017 Actual data result		Desired trend (parity gap)
	% increase	Parity gap	% increase	Parity gap	
Māori	Baseline year	Baseline year	Not applicable	Not applicable	
Non-Māori and non-Pacific	Baseline year		Not applicable		

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

Pacific first-time learners			
Measure	2019 Target	2018 Estimated Actual	2017 Actual
Percentage increase in first-time (Note 1) domestic learners (including industry training) at level 3 and above	Improve on previous year's result	Baseline year	Not applicable

Trend Information					
Group	2018 Estimated data result		2017 Actual data result		Desired trend (parity gap)
	% increase	Parity gap	% increase	Parity gap	
Pacific	Baseline year	Baseline year	Not applicable	Not applicable	
Non-Māori and non-Pacific	Baseline year		Not applicable		

Note 1 – First-time learners as defined by current learner eligibility criteria for fees-free <https://www.feesfree.govt.nz/faqs/>.



Ngā Tauākī Matapae Tahua
Forecast Financial Statements

Tauākī Matapae
mō te Tōtōpū o te
Moni Whiwhi me te
Whakapaunga Pūtea

Forecast Statement of Comprehensive Revenue and Expense

For the years ended 30 June

	2019 Forecast \$000	2020 Budget \$000
REVENUE		
Operating revenue:		
Vote Tertiary Education – Ministry of Education (MoE)	69,090	63,049
Contract – Pre-purchased English Language Tuition	670	550
Contract – Migrant Futures	1,677	1,613
Other revenue	2,110	1,512
Total operating revenue	73,547	66,724
Grants revenue:		
Vote Education/Tertiary Education – MoE	3,175,367	3,309,253
Prior year recoveries – net	2,700	2,700
Total grants revenue	3,178,067	3,311,953
Finance revenue:		
Interest – operating	1,568	1,299
Interest – grants	420	420
Total finance revenue	1,988	1,719
Total revenue	3,253,602	3,380,396



	2019 Forecast \$000	2020 Budget \$000
EXPENSE		
Operating expense:		
Personnel costs	47,079	43,563
Other expenses	25,325	20,414
Capital charge	2,146	2,130
Depreciation	1,323	1,210
Amortisation	3,835	4,733
Total operating expense	79,708	72,050
Grants expense:		
Grants expense	3,170,280	3,326,253
Bad and doubtful debts	5,087	1,000
Total grants expense	3,175,367	3,327,253
Total expense	3,255,075	3,399,303
SURPLUS/(DEFICIT)		
Operating surplus/(deficit)	(4,593)	(4,027)
Grants surplus/(deficit)	3,120	(14,880)
Total comprehensive revenue and expense	(1,473)	(18,907)

Tauākī Matapae mō te Tahua Pūtea

Forecast Statement of Financial Position

As at 30 June

	2019 Forecast \$000	2020 Budget \$000
CURRENT ASSETS		
Cash and cash equivalents	66,745	59,354
Prepayments	700	700
Receivables	422,247	410,334
Total current assets	489,692	470,388
NON-CURRENT ASSETS		
Intangible assets	15,839	18,804
Property, plant and equipment	4,873	4,703
Total non-current assets	20,712	23,507
Total assets	510,404	493,895
CURRENT LIABILITIES		
Payables	342,660	348,769
GST payable	2,005	(172)
Employee entitlements	2,267	2,590
Pre-purchased English Language Tuition – fees in advance	25,959	24,661
Provision for lease	139	139
Repayment of grants funding – MoE	420	420
Total current liabilities	373,450	376,407



	2019 Forecast \$000	2020 Budget \$000
NON-CURRENT LIABILITIES		
Employee entitlements	700	700
Provision for lease	1,092	953
Total non-current liabilities	1,792	1,653
Total liabilities	375,242	378,060
Net assets	135,162	115,835
EQUITY		
General funds	135,162	115,835
Total equity	135,162	115,835

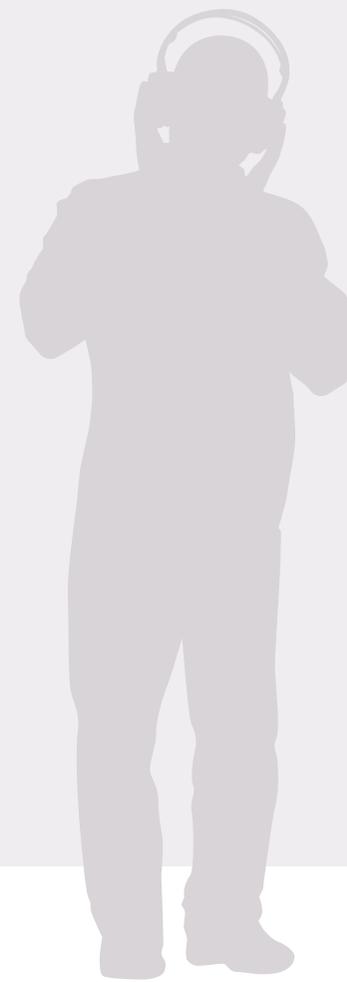
Tauākī Matapae
mō ngā Panoni
Pūtea Moni

**Forecast Statement
of Changes in Equity**



For the years ended 30 June

	2019 Forecast \$000	2020 Budget \$000
EQUITY		
Balance at 1 July	137,055	135,162
Total comprehensive revenue and expense for the year	(1,473)	(18,907)
Repayment of grants interest – MoE	(420)	(420)
Balance at 30 June	135,162	115,835



Tauākī Matapae mō ngā Rerenga Moni

Forecast Statement of Cash Flows

For the years ended 30 June

	2019 Forecast \$000	2020 Budget \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Operating – MoE	69,090	63,049
Operating – Pre-purchased English Language Tuition	546	432
Operating – other	3,706	3,125
Grants – MoE	3,270,367	3,321,165
Grants – Pre-purchased English Language Tuition	1,110	(1,180)
Grant recoveries – prior year	2,700	2,700
	3,347,519	3,389,291
Cash was applied to:		
Grants payments	(3,250,395)	(3,321,165)
Payments to employees	(47,212)	(41,419)
Other operating payments	(27,367)	(22,352)
Capital charge	(2,146)	(2,130)
GST – net	660	(2,177)
	(3,326,460)	(3,389,243)
Net cash flows from operating activities	21,059	48
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Interest – operating	1,474	1,299
Interest – grants	421	420
Sale of property, plant and equipment	18	-
	1,913	1,719

Tauākī Matapae mō ngā Rerenga Moni

Forecast Statement of Cash Flows



For the years ended 30 June

	2019 Forecast \$000	2020 Budget \$000
Cash was applied to:		
Purchase of intangible assets	(7,792)	(7,697)
Purchase of property, plant and equipment	(208)	(1,041)
	(8,000)	(8,738)
Net cash flows from investing activities	(6,087)	(7,019)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was applied to:		
Repayment of grants funding – MoE	(25,647)	(420)
Net cash flows from financing activities	(25,647)	(420)
Net increase/(decrease) in cash and cash equivalents	(10,675)	(7,391)
Cash and cash equivalents at 1 July	77,420	66,745
Cash and cash equivalents at 30 June	66,745	59,354
Total comprehensive revenue and expense	(1,473)	(18,907)
Add non-cash items – depreciation and amortisation	5,158	5,943
Add net movements in working capital	19,287	14,731
Deduct interest income classified as investing activities	(1,895)	(1,719)
Sale of property, plant and equipment classified as investing activities	(18)	-
Net cash flows from operating activities	21,059	48

Te Nekenekehanga
ka Matapaetia mō
Ngā Rawa Kiko-kore

Movement of Forecast Intangible Assets



For the years ended 30 June

2019					
	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Balance at 1 July	3,460	4,357	2,097	1,858	11,772
Transfers from work in progress	536	4,210	(536)	(4,210)	-
Amortisation and impairments	(879)	(2,956)	-	-	(3,835)
Additions	-	-	500	7,402	7,902
Balance at 30 June	3,117	5,611	2,061	5,050	15,839
Cost	15,673	23,283	2,061	5,050	46,067
Accumulated amortisation	(12,556)	(17,672)	-	-	(30,228)
Balance at 30 June	3,117	5,611	2,061	5,050	15,839
2020					
	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Balance at 1 July	3,117	5,611	2,061	5,050	15,839
Transfers from work in progress	2,000	5,698	(2,000)	(5,698)	-
Amortisation and impairments	(312)	(4,421)	-	-	(4,733)
Additions	-	-	1,540	6,158	7,698
Balance at 30 June	4,805	6,888	1,601	5,510	18,804
Cost	17,673	28,981	1,601	5,510	53,765
Accumulated amortisation	(12,868)	(22,093)	-	-	(34,961)
Balance at 30 June	4,805	6,888	1,601	5,510	18,804

Te Nekenekehanga ka
Matapaetia mō Ngā
Rawa Whai Kiko, Wāhi
hoki me Ngā Utauta

Movement of Forecast Property, Plant and Equipment



For the years ended 30 June

2019							
	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	3,447	1,877	68	573	24	109	6,098
Transfers from work in progress	-	187	20	-	-	(207)	-
Depreciation and impairments	(381)	(817)	(29)	(72)	(24)	-	(1,323)
Additions	-	-	-	-	-	98	98
Balance at 30 June	3,066	1,247	59	501	-	-	4,873
Cost	4,246	5,080	241	920	427	-	10,914
Accumulated depreciation	(1,180)	(3,833)	(182)	(419)	(427)	-	(6,041)
Balance at 30 June	3,066	1,247	59	501	-	-	4,873
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	1,247	59	501	-	-	4,873
Transfers from work in progress	-	1,000	20	20	-	(1,040)	-
Depreciation and impairments	(379)	(731)	(29)	(71)	-	-	(1,210)
Additions	-	-	-	-	-	1,040	1,040
Balance at 30 June	2,687	1,516	50	450	-	-	4,703
Cost	4,246	6,080	261	940	427	-	11,954
Accumulated depreciation	(1,559)	(4,564)	(211)	(490)	(427)	-	(7,251)
Balance at 30 June	2,687	1,516	50	450	-	-	4,703

He Moni Whiwhi
ā-Karāti ka
Matapaetia, nō te
Karauna me Ngā
Whakapaunga Karāti
i Whakamāheretia

Forecast Grants Revenue from the Crown and Planned Grants Expenses



For the year ended 30 June 2020

	Revenue \$000	Expenses \$000
Vote Tertiary Education:		
Non-Departmental Output Expenses		
Access to Tertiary Education	25,549	25,549
Centres of Research Excellence	49,800	49,800
Tertiary Sector / Industry Collaboration Projects	27,332	27,332
Tertiary Education Research and Research-Based Training	318,750	318,750
University-led Innovation	9,979	9,979
Tertiary Tuition and Training multi-category appropriation (MCA)		
Community Education	74,566	74,566
Tertiary Education: Student Achievement Component	2,115,387	2,133,387
Training for Designated Groups	307,323	307,323
Fees-free Payments	346,132	346,132
Total Non-Departmental Output Expenses	3,274,818	3,292,818
Benefits and Other Unrequited Expenses		
Tertiary Scholarships and Awards	15,885	15,885
Total Benefits and Other Unrequited Expenses	15,885	15,885



	Revenue \$000	Expenses \$000
Vote Education:		
Non-Departmental Output Expenses		
Secondary-Tertiary Interface	22,150	22,150
Total Non-Departmental Output Expenses	22,150	22,150
Total revenue/expense	3,312,853	3,330,853
Administered by the Ministry of Education		
Quality Teaching Agenda	2,520	2,520
Scholarships and Awards	1,080	1,080
Administered by the Tertiary Education Commission	3,309,253	3,327,253
Total revenue/expenses	3,312,853	3,330,853
Prior year recoveries – net	2,700	-
Administered by the Tertiary Education Commission	3,309,253	3,327,253
Total grants revenue/expenses	3,311,953	3,327,253

He Moni Whiwhi
hei utu i ngā
Whakahaeretanga
Mahi a Te Amorangi
Mātauranga Matua

Revenue to Fund the Tertiary Education Commission's Operations



For the year ended 30 June 2020

	Revenue \$000
Vote Tertiary Education:	
Non-Departmental Output Expenses	
Administration of and Support for the Tertiary Education and Careers systems	63,049
Total Non-Departmental Output Expenses (Operating Appropriations Revenue)	63,049
Other revenue	
Māori Education Trust (Ministry of Education administered)	109
Contract – Pre-purchased English Language Tuition	550
Contract – Migrant Futures	1,613
Interest – operating	1,299
Other revenue	1,512
Total operating revenue	68,132

Tauākī mō ngā kaupapa here kaute

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 New Zealand and our ultimate parent is the New Zealand Crown.

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

Basis of preparation

Statement of compliance

The forecast financial statements have been prepared in accordance with the Education Act 1989 and Crown Entities Act 2004, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

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

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

The purpose of these forecast financial statements is to provide information on our future operating intentions against which we must report, and be audited against, at the end of the financial year. Use of this information for any other purpose may not be appropriate.

Please note that these forecast financial statements contain no actual results. Actual results achieved are likely to vary from the forecast information and the variation may be material.

Presentation currency and rounding

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

Summary of significant accounting policies

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 the purpose of us meeting our performance measures as specified in the *Statement of Intent 2019/20-2022/23* and this *Statement of Performance Expectations 2019/20*. 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 – Pre-purchased English Language Tuition

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 – operating

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

Interest – grants

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

Grants expenses

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.

Personnel costs

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.

Operating leases

An operating lease is a lease that does not substantially transfer 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.

Capital charge

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

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.

Payables

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 2020, our funding will only be confirmed up until 30 June 2021.
- › 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.

Receivables

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 (MoE). We also have large tertiary grants payable.

The MoE 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 MoE. It is funded from under-spends in the Tertiary Tuition and Training multi-category appropriation. This helps us manage cost pressures within and across financial years.

Cash and cash equivalents

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.

Intangible assets

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 de-recognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

Computer software is the major class of intangible assets. Its useful life is four years and its associated amortisation rate is 25% straight line.

Impairment of property, plant and equipment and intangible assets

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

Non-cash-generating assets

Property, plant and equipment and intangible assets 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 an approach based on 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.

Property, plant and equipment

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:

Leasehold improvements	Life of lease	
Computer equipment	4 years	25% 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.

Employee entitlements

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.

Provision for lease

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 incentives

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

Lease make good provision

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.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits or service potential to be derived from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Repayment of grants funding – Ministry of Education

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 Minister of Education. We also voluntarily return interest earned on grants funds.

Equity

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 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.

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 forecast financial statements are discussed on the following page.

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

At each balance date the useful lives and residual values of property, plant and equipment and intangible assets are reviewed. Assessing the appropriateness of useful life and residual value estimates of 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
- › analysis of prior asset sales.

We have not made significant changes to past assumptions concerning useful lives and residual values.

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 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 New Zealand.

Critical judgements in applying accounting policies

Leases classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to 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.



Published by the Tertiary Education Commission / Te Amorangi Mātauranga Matua

National Office
44 The Terrace
PO Box 27048
Wellington, New Zealand

June 2019
ISSN 2624-0386 (online)
ISSN 2624-0378 (print)

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