

Tertiary Education Report: TEC 2018/19 Quarter Two Performance Report

Date:	14 March 2019	TEC priority:	Medium
Security level:	In Confidence	Report no:	B-19-00161
		Minister's office No:	

ACTION SOUGHT		
	Action sought	Deadline
Hon Chris Hipkins Minister of Education	note the Tertiary Education Commission 2018/19 Quarter Two Performance Report	At your earliest convenience
Enclosure: Yes TEC 2018/19 Quarter Two Performance Report	Round Robin: No	

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)				
Name	Position	Telephone		1st contact
John Soulis	Deputy Chief Executive, Corporate and Finance and Chief Financial Officer	s9(2)(a)	s9(2)(a)	✓
s9(2)(a)	Manager, Organisation Planning and Performance	s9(2)(a)		

THE FOLLOWING DEPARTMENTS/AGENCIES HAVE SEEN THIS REPORT

- DPMC
 MPI
 ENZ
 ERO
 MBIE
 MoE
 MFAT
 MPP
 MSD
 NZQA
 NZTE
 TEC
 TPK
 Treasury

Minister's Office to Complete:	<input type="checkbox"/> Approved <input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> See Minister's Notes	<input type="checkbox"/> Declined <input type="checkbox"/> Needs change <input type="checkbox"/> Overtaken by Events <input type="checkbox"/> Withdrawn
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Comments:

Recommendations

Hon Chris Hipkins, Minister of Education

It is recommended that you:

1. **note** the Tertiary Education Commission 2018/19 Quarter Two Performance Report
2. **agree** that the TEC release this briefing with information withheld in accordance with the Official Information Act.

AGREED / NOT AGREED



John Soulis

Deputy Chief Executive, Corporate and Finance
Directorate
Tertiary Education Commission

14 March 2019

Hon Chris Hipkins

Minister of Education

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Purpose

1. The purpose of this paper is to provide you with our Quarter Two Performance Report (the report) for the 2018/19 year.
2. We recommend that you release this paper in full, with officials' contact details withheld, once it has been considered by you.

Background

3. We report quarterly to you on our performance. This report covers the period 1 October 2018 to 31 December 2018.
4. The Ministry of Education, as our lead monitor, will provide you with a separate report on our performance.

The report

5. The report covers our progress against our *Statement of Intent 2018/19 – 2021/22* (SOI) and the *Statement of Performance Expectations 2018/19* (SPE).
6. It shows that the TEC is performing well, and provides an update on our:
 - progress made against our two functions (Champion and Invest) and our three enablers (Partnership, Knowledge and People)
 - financial performance information
 - non-financial performance information.

Our financial performance

7. Our Operating deficit for the first half of the year is \$2.4m less than budget, primarily due to lower staff costs as we have worked through the Kia Rite restructure.
8. We still expect the year-end deficit to be close to the budget deficit of \$5.4m, with costs increasing in the last six months of the financial year from increased work on key projects including the Careers System Strategy.
9. We have received approval for an additional \$5m of Crown funding for the Reform of Vocational Education review. Our forecast assumes the \$5m will be received and fully spent by 30 June 2019, however this project is evolving quickly, and this may remain a key variance at year-end.
10. For the 2018 calendar year we have forecast a surplus of approximately \$77m across our grant appropriations (excluding fees-free), of which \$49m is recoveries, predominantly in Youth Guarantee and Student Achievement Component funds where student volumes have been lower than forecast. Currently only an underspend of \$35m is showing in the accounts, with the bulk of the recoveries to show in the accounts in February.
11. As part of Budget 2019, \$60m of this surplus funding is to be used to increase funding for other Education priorities. The remainder of this surplus will be used to offset 2019 over allocations or will be returned to the Crown at year-end.

12. We have just completed the first calendar year of the fees-free policy so there is some uncertainty around the final uptake and cost. We are working with providers to match payments to their entitlements. We are working with the Ministry of Education who are currently looking at reducing the Fees-free appropriation in 2019/20 and out years based on new forecasts of eligible student numbers.

Our non-financial performance

13. We report progress against measures where we have relevant new data. This report contains progress information for 12 of our performance measures within our SOI and SPE.