

Tertiary Education Report: TEC draft Statement of Performance Expectations 2020/21

Date:	30 April 2020	TEC priority:	Medium
Security level:	In Confidence	Report no:	B-20-00221
		Minister's office No:	

ACTION SOUGHT		
	Action sought	Deadline
Hon Chris Hipkins Minister of Education	Review and comment on the Tertiary Education Commission's draft Statement of Performance Expectations 2020/21	21 May 2020
Enclosure: Yes Appendix A: TEC draft Statement of Performance Expectations 2020/21	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)	Manager, Organisation Planning and Performance	s9(2)(a)	

THE FOLLOWING DEPARTMENTS/AGENCIES HAVE SEEN THIS REPORT	
<input type="checkbox"/> DPMC	<input type="checkbox"/> MPI
<input type="checkbox"/> ENZ	<input type="checkbox"/> ERO
<input type="checkbox"/> MBIE	<input type="checkbox"/> MoE
<input type="checkbox"/> MFAT	<input type="checkbox"/> MPP
<input type="checkbox"/> MSD	<input type="checkbox"/> NZQA
<input type="checkbox"/> NZTE	<input checked="" type="checkbox"/> TEC
<input type="checkbox"/> TPK	<input type="checkbox"/> Treasury

Minister's Office to Complete:

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 Withdrawn

Comments:

Recommendations

Hon Chris Hipkins, Minister of Education

It is recommended that you:

1. **review and comment** on the Tertiary Education Commission's draft Statement of Performance Expectations 2020/21 (SPE); and
2. **agree** to release this report with minor redactions, once the final SPE has been published.

AGREED NOT AGREED



John Soulis

Deputy Chief Executive, Corporate and Finance
and Chief Financial Officer
Tertiary Education Commission

30 April 2020



Hon Chris Hipkins

Minister of Education

22 / 05 / 2020

Purpose

1. This report presents the Tertiary Education Commission's (TEC's) draft Statement of Performance Expectations 2020/21 (SPE) for your review and comment.
2. Under section 1491(2)(a)(i) of the Crown Entities Act 2004 (the act), we must provide our draft SPE to you no later than two months before the start of the financial year to which the SPE relates.

Background

3. We have consulted with the Ministry of Education and Audit New Zealand when preparing our draft SPE.

The impact of COVID-19

4. In consultation with the Ministry of Education, we considered two options regarding the SPE process
 - a. **Option A – proceed with providing draft SPE's to existing legislative timeframes.** Entities can under the existing legislation amend SPEs at any time. Section 149K of the Crown Entities Act 2004 enables Crown Entities to make amendments to their final SPEs in the latter half of this year once they understand the full impact of COVID-19.
 - b. **Option B – seek an extension.** This would allow for the relevant Minister or Ministers to extend the timeframe for an individual agency for up to three months.
5. We considered the extension option and in consultation with the Ministry of Education Monitoring Team decided not to use this option. A three month extension would not provide the time needed to understand the full impact of COVID-19. Additional amendments would still need to be made later in the year.
6. In addition option A lessens the burden on the Minister and the TEC as we work to emerge and recover from COVID-19.
7. The Ministry of Education will provide you with a separate Education Report providing advice relating to Statements of Performance Expectations produced by Education New Zealand, the New Zealand Qualifications Authority and the TEC.

Statement of Performance Expectations

8. As a Crown Entity our SPE must set out annual financial and non-financial performance expectations, and provide a basis against which financial and non-financial performance can be assessed. An SPE also provides forecast financial statements.
9. This draft SPE contains initial financial forecast statements which will be updated to reflect Budget 2020 decisions.

The impact of COVID-19

10. The financial and non-financial information set out in our SPE were developed prior to COVID-19 and will be impacted by the pandemic. The extent of this impact is unknown at present but could mean that some of the measures set out are no longer relevant, unable to be met or measured, or that new measures are required.

11. Any variances will be explained through our existing reporting mechanisms. However, if the variance of the change is significant, our final SPE may be amended.
12. We are planning to make amendments to the final SPE in the latter half of this year once we understand the full impact of COVID-19 and will apply section 149K of the Crown Entities Act 2004 to do so.
13. Section 149 K of the act states that a Crown entity may amend its final SPE at any time, and must amend its SPE if the intentions and undertakings in the final SPE are significantly altered or affected by a change in the entity's operating environment.

Your responsibility

14. Under s146(2)(b) of the Crown Entities Act 2004 you are required to provide any comments you may have no later than 15 working days after receiving our draft SPE. To fulfil this requirement you need to provide TEC with any feedback by 21 May 2020. We understand that your office will acknowledge receipt of the draft SPE, but we should not expect to receive any comments on the contents.

Next steps

15. If any comments are provided we will consider them and update our SPE accordingly.
16. Two members of the TEC Board of Commissioners will sign the final SPE.
17. You will be provided with copies of the final SPE, and we will publish it on our website, by 30 June 2020.
18. We will liaise with your office to provide printed copies of the SPE for you to table in Parliament. This must happen no later than the date you present TEC's Annual Report for the year ended 30 June 2020. Our Annual Report is scheduled to be completed in November 2020.

Appendix A: TEC draft Statement of Performance Expectations 2020/21