

Tertiary Education Report: Tertiary Education Commission 2019/20 Quarter Three Performance Report

Date:	31 July 2020	TEC priority:	Low
Security level:	In Confidence	Report no:	B-20-00532
		Minister's office No:	

ACTION SOUGHT		
	Action sought	Deadline
Hon Chris Hipkins Minister of Education	note the Tertiary Education Commission 2019/20 Quarter Three Performance Report	
Enclosure: Yes Tertiary Education Commission 2019/20 Quarter Three 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"/> 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 Withdrawn |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. **note** the Tertiary Education Commission 2019/20 Quarter Three Performance Report, and
2. **agree** that the Tertiary Education Commission 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

31 July 2020

Hon Chris Hipkins

Minister of Education

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Purpose

1. This report provides you with the Tertiary Education Commission (TEC) Quarter Three Performance Report for the 2019/20 year.
2. We recommend that you release this Tertiary Education Report in full, with officials' contact details withheld, once it has been considered by you.

Background

3. We report quarterly to you on our performance. However, this report covers the period 1 October 2019 to 31 March 2020, as the Quarter Two Performance Report was not sent over due to your focus on COVID-19.
4. The Ministry of Education (MoE), as our lead monitor, will provide you with a separate report on our performance.

The Quarter Three Performance Report

5. The Quarter Three Performance Report covers our progress against our *Statement of Intent 2019/20-2022/23* (Sol) and the *Statement of Performance Expectations 2019/20* (SPE).
6. It shows that the TEC is performing well, and includes a substantial update on Reform of Vocational Education (RoVE), careers and our response to COVID-19.
7. It also included an update on:
 - progress made against our four strategic goals:
 - Supporting all learners to succeed
 - Connecting educators and employers
 - Building provider capability and monitoring performance
 - Increasing research quality and capability
 - financial performance information, and
 - non-financial performance information.

Our financial performance

8. The TEC have an operating surplus of \$1.1m against a budget deficit of \$3.0m, a variance of \$4.1m. We have experienced higher levels of vacancies in our core activities and the lower core operating costs. The majority of the variance relates to delays to work programmes and recruitment as a result of COVID-19.
9. We expect our full year deficit to be approximately \$1.9m which is \$2.2m less than our \$4.0m budgeted deficit. We reviewed our fixed assets during April and have included results of this review in our final quarter expenses.
10. We have spent \$3.6m of the RoVE full year budget of \$8.0m. We have transferred \$0.65m RoVE revenue to the MoE and anticipate deferring a further \$2.0m of costs and revenue into 2020/21.

11. Overall grant spend is forecast to be \$4.491b. This is higher than last year's grant spend of \$3.054b. \$1.2b of the increased spend is due to the accounting implications of guaranteeing tertiary education organisation funding for 2020 in response to COVID-19. This forecast is \$1.164b greater than our original 2019/20 budget of \$3.327b. This a technical accounting issue. We worked with the MoE and Treasury in May to transfer funding from 2020/21 to 2019/20 to resolve the issue.
12. We currently have \$106m in our grants balance sheet mechanism (made up of \$92m receivable from the MoE plus funds held in our equity of \$14m). Although we are not expecting to draw from our balance sheet mechanism in 2019/20, we are expecting increased financial pressure in 2020/21 as student numbers increase as a result of COVID-19.

Our non-financial performance

13. We report progress against measures where we have relevant new data. This report contains progress information for nine of our Sol and SPE measures.
14. As at 31 March 2020, we were on track to meet four of those measures. The SPE measures not on track relate to ICT Graduate Schools, Literacy and Numeracy, English for Speakers of Other Languages, and payments made to tertiary education organisations.