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Tertiary Education Commission
Te Amorangi Mātauranga Matua

Annual Report

Pūrongo-ā-tau

For the year ended 30 June 2026

Our purpose

Tō mātou pūtake

To shape a dynamic system that delivers lifelong learning and equips learners, communities and employers for success

Our vision

Tō mātou wawata

A resilient, prosperous New Zealand – where every person has the skills, knowledge and confidence to create a fulfilling life

Presented to the House of Representatives pursuant to section 149L(3) of the Crown Entities Act 2004

Our year at a glance

In 2025/26

the TEC continued to deliver significant outcomes for students, trainees, providers and the sector. We:

supported delivery of the Government's priorities and aligned our future focus to the new Tertiary Education Strategy

made great progress in implementing changes to the VET system to better meet regional and industry skill needs and support New Zealand's economic growth

launched Tahatū Career Navigator as a free career advice and information website for all New Zealanders, and

used our levers to continue to improve how we invest and support a more responsive, sustainable and accountable tertiary education system.

We invested over

$3.7 billion

in tertiary education and supporting the tertiary education and careers systems.

We funded

8	3	1	10	195	522
Universities	**Wānanga**	**New Zealand Institute of Skills and Technology (NZIST)***	**Polytechnics**	**TEC-funded private training establishments**	**Other organisations****

*16 institutes of technology and polytechnic business divisions and 9 work-based learning divisions.

**including other tertiary education providers, Workforce Development Councils, adult and community providers, secondary schools and area schools.

We made 21,312 payments to tertiary education organisations.

Contents

Part one: Introduction **5**

Foreword from the Board Chair and Chief Executive 6
Statement of Responsibility 8
We are government's key agency for investment in tertiary education and careers services 9
2025/26 performance information 11

Part two: Implementing the Government's priorities **12**

The Tertiary Education Strategy is our key driver 13
Government and ministerial priorities 14
We contributed to the Government's baseline savings requirements 19
Assessment of operations 20

Part three: How we are delivering on our strategic intentions **21**

Our strategic intentions 22
An adaptable system 24
Build the right skills to succeed 34
Improving educational outcomes 38
Equip TEC for the future 43

Part four: Statement of performance **53**

Part five: Financial statements **82**

Independent auditor's report 117

Part six: Appendices **121**

Appendix A: Our good employer requirements 122
Appendix B: Governance and accountability 125
Appendix C: Te Tiriti o Waitangi 127
Appendix D: Glossary 128

Part one: Introduction

Wāhanga tahi: Kupu whakataki

Foreword from the Board Chair and Chief Executive

In a rapidly changing world, a strong tertiary education and careers system is essential to New Zealand's future prosperity. By connecting learners with the skills and opportunities they need to succeed, and enabling employers to build the workforce they require, the system supports innovation, productivity and economic growth. The Tertiary Education Commission (TEC) works to ensure the system delivers the greatest possible value for learners, employers and communities.

Throughout 2025/26, the TEC focused on implementing the Government's priorities while continuing to deliver our core functions to a high standard.

Implementing the redesigned vocational education and training (VET) system was a major strategic priority for both the Government and the TEC throughout the year, and this work continues. Following the legislation being passed in October 2025, we worked closely with education providers and others in the sector to support the transition and embed the changes. These included the re-establishment of the individual regional polytechnics, new arrangements for work-based learning, and the establishment of Industry Skills Boards. Throughout the transition, we prioritised continuity for students, trainees and providers while supporting the long-term success of the redesigned system.

Alongside this major programme of work, we made targeted changes to reduce provider compliance requirements where possible, while maintaining effective oversight and a strong focus on monitoring and assurance. This balanced approach helps ensure that public funding is used for its intended purpose.

The new Tertiary Education Strategy (TES) was published in December 2025. We worked closely with the Ministry of Education and other education sector partners to support its development and implementation. Since its publication, our focus has been on how the TEC will give effect to the new TES. We have reflected its key shifts in our recently released Plan Guidance, Statement of Intent and Statement of Performance Expectations.

Using our legislated role to oversee the tertiary education system, we continued to strengthen connections among students, trainees, education providers and local communities. We will further develop our investment, monitoring and stewardship roles to support better outcomes for students and trainees, and to contribute to New Zealand's economic prosperity. We are starting to see material improvement in learner outcomes in some areas of the sector but there is still significant improvement required in work-based learning and for Māori, Pasifika and learners from lower socio-economic backgrounds.

Tahatū Career Navigator continued to grow as an important part of the TEC's contribution to careers education and guidance. During the year, we worked to increase its reach and uptake. By May 2026, Tahatū had achieved the significant milestone of more than one million visits from within New Zealand.

We are introducing the deliberate and responsible use of artificial intelligence (AI) across the TEC. Building our capability to adopt AI will help us work more efficiently, strengthen decision-making and continue to deliver greater value for learners, employers and the wider tertiary education system. AI adoption will remain a priority as we explore opportunities to improve how we deliver our work. We are also using our convening role to encourage the responsible adoption of AI across the tertiary education system, and this will remain an area of focus.

During the year, we welcomed five new Board members, who bring a broad range of experience and perspectives. We also thank the five departing Commissioners for their invaluable contributions to the Board. In particular, we acknowledge Dr Alastair MacCormick for his governance and strategic leadership over eight years of service, including as Chair of our Risk and Assurance Committee. We also want to acknowledge Gillian Dudgeon for stepping in to the Acting Chief Executive role while Tim Fowler was seconded to the Education Review Office.

We acknowledge and thank our sector partners for their continued engagement and collaboration in helping to achieve better outcomes for all New Zealanders. We also thank the TEC's people for their commitment and contribution throughout the year.



Dr Alan Bollard
Board Chair
Tertiary Education Commission





Tim Fowler
Chief Executive
Tertiary Education Commission



Statement of Responsibility

In terms of the Crown Entities Act 2004 and the Education and Training Act 2020, the Board of the Tertiary Education Commission Te Amorangi Mātauranga Matua is responsible for preparing the Tertiary Education Commission's Financial Statements and the Statement of Performance and for the judgements made in them.

The Board of the Tertiary Education Commission is responsible for any end-of-year performance information provided by the Tertiary Education Commission under section 19A of the Public Finance Act 1989.

The Board of the Tertiary Education Commission has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and reporting of the Statement of Performance. In the Board's opinion, these Financial Statements and Statement of Performance fairly reflect the financial position and operations of the Tertiary Education Commission for the year ended 30 June 2026.

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



Dr Alan Bollard
Board Chair

Tertiary Education Commission

30 October 2026



Simon Flood
Chair

Whatitata Whakau –
Risk and Assurance Committee
Tertiary Education Commission

30 October 2026

We are government's key agency for investment in tertiary education and careers services

The Tertiary Education Commission Te Amorangi Mātauranga Matua (the TEC) is a Crown agency established under the Crown Entities Act 2004, and we are governed by a Board of Commissioners appointed by the Minister for Tertiary Education. As a Crown entity, we give effect to government policy.

As the Government's key agency for investment in tertiary education and careers services, we give effect to government policy by investing in education and training opportunities that build the skills New Zealand needs. Through our careers functions, we support informed education-to-employment pathways that help support workforce needs, productivity and economic growth.

Our investment in the tertiary education system supports more than 700 tertiary education organisations across New Zealand to deliver foundation education, vocational education and training, and higher education (including research). Our investment helps maintain a network of provision that responds to the needs of different students, trainees, employers, industries and communities.

Our careers services complement our investment role by helping students and trainees understand and navigate education, training and employment pathways. We provide occupational and educational information to build links between schools, tertiary providers, employers and communities, to ensure learners are ready for work and further study.

Our statutory functions are set out in the Education and Training Act 2020

We are required to:



Section 4 of the Education and Training Act 2020 states that the Act's purpose is to establish and regulate an education system that honours Te Tiriti o Waitangi and supports Māori–Crown relations. The Act sets a clearer and higher standard for giving effect to Te Tiriti o Waitangi than previous social policy legislation. It emphasises the role of education agencies and the education sector as a whole in giving effect to Te Tiriti o Waitangi.

Through our stewardship and monitoring role for the tertiary education and careers system, we work to ensure that all tertiary education organisations are giving effect to Te Tiriti o Waitangi as a condition of their funding and delegated roles and powers from the Crown.

2025/26 performance information

Our annual report provides performance information against our:

- interim Statement of Intent 2025/26 (SOI), and
- Statement of Performance Expectations 2025/26 (SPE).

Both can be found at: www.tec.govt.nz/about-us/what-we-do/corporate-publications

The sections on who we are (page 9) and our statutory functions (page 10) set the scene for and are part of our performance information.

Progress against Government priorities is detailed in:

Part two: Implementing the Government's priorities

This contains performance information relating to:

- Government and ministerial priorities (pages 14 to 18)
- Significant Budget decisions (pages 14 to 18), and
- Baseline savings (page 19).

Progress against our SOI is detailed in:

Part three: How we are delivering on our strategic intentions

This sets out:

- our strategic intentions, along with our priorities for 2025/26 (pages 22 and 23), and
- performance information related to our core business activities and what has been achieved during 2025/26, including results against SOI trend measures (pages 24 to 51).

Progress against our SPE is detailed in:

Part four: Statement of performance

This details performance measures results for the Vote Tertiary Education appropriations where we have responsibility for reporting performance (pages 55 to 81).

Part five: Financial statements

This provides our financial statements for the year ended 30 June 2026 and includes financial information for the Vote Tertiary Education appropriations where we have responsibility for reporting performance (pages 83 to 116).

Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48) requires an entity to present information that enables users to understand and assess an entity's service performance of the year. Details of performance information presented under PBE FRS 48 is in our Disclosure of Judgements (pages 55 to 57).

Part two: Implementing the Government's priorities

Wāhanga tuarua: Te whakatinana i ngā whakaarotau a te Kāwanatanga

The Tertiary Education Strategy is our key driver

In December 2025, the Government released a new Tertiary Education Strategy 2025–2030 (TES). The TES sets out the Government's long-term strategic direction for tertiary education in New Zealand and its current and medium-term priorities.

The TEC is required, under the Education and Training Act 2020, to give effect to the TES. This annual report outlines our performance during 2025/26 against the previous TES and also reports on the actions we have taken to align our investment, stewardship and careers functions with the priorities of the new TES.

The Government's overarching objective for tertiary education is:

> A tertiary education system that enables people to succeed with knowledge and skills that advance an innovative, high-productivity economy, and improve quality of life.

The TES sets out the Government's specific priorities for improvement in five areas:

- Achievement
- Economic Impact and Innovation
- Access and Participation
- Integration and Collaboration
- International Education.

Together, these priorities provide the strategic framework for investment and performance across the tertiary education system, while ensuring that the system continues to deliver on its broad social, cultural and economic objectives.

Throughout this annual report, we report on our contribution to the outcomes and priorities of both the previous and the new TES, reflecting the transition between the two strategies during the reporting year.

Government and ministerial priorities

During 2025/26, the TEC remained focused on delivering the Government's priorities while carrying out its core functions effectively and efficiently.

The Government has set clear expectations for public sector agencies to deliver improved outcomes for New Zealanders. The **Letter of Expectations (LOE)** sets out the Minister's priorities and expectations for how the TEC will implement the Government's policies and priorities.

The following are areas specific to the TEC's work programme.



Vocational education and training (VET) redesign

A well performing, responsive VET sector provides students and trainees with practical pathways into meaningful employment and ensures industry has access to the skills it needs to grow. The redesign of the VET system includes a move to a regional delivery model for polytechnics, along with new arrangements for work-based learning, and establishing Industry Skills Boards (ISBs).

In October 2025, the legislation on redesigning the VET system was enacted. The TEC has implemented changes to the VET system to establish a system that is locally led, financially sustainable, and focused on delivering the skills New Zealand's regions need. The changes also ensure training is aligned to better reflect the needs of local employers, support key industries, and ensure vocational education delivery aligns with workforce demand.

The new VET system became operational from 1 January 2026, and now comprises polytechnics across ten regions, with Open Polytechnic supporting online blended delivery learning, and private training establishments and wānanga delivering programmes that support communities, industries and employers in the way that works for them. Decisions were also made on the future of the four polytechnic business divisions remaining within NZIST. As a result, three additional regional polytechnics will become operational from 1 January 2027, while one division will transfer to the Open Polytechnic of New Zealand.

New guidance has been developed that sets out a process to ensure industry has a genuine voice in decision-making and that industry feedback is clearly captured as more complex transitions take place through to the end of 2027.

The VET system is one of the most important ways to support local jobs and give New Zealanders practical pathways, supporting students and trainees from school or in work. Lifting a person's qualification level has been shown to deliver higher lifelong earnings.

The new VET system provides clear vocational pathways for people, including through strong secondary-tertiary connections and provision in high-growth sectors such as the primary industries and energy sector.

Integration and collaboration of universities with business, and the science and research system

During 2025/26, we worked closely with the Ministry of Education (MoE) and Ministry for Business, Innovation and Employment (MBIE) to support their policy work programmes aligned to this priority. This included input into the research-related elements of the TES, and ongoing engagement with MBIE-led work related to initiatives such as the new National Intellectual Property policy, the Commercialisation Outcomes Measurement Framework, and the broader Science System reforms that have been under way.

For the 2027 investment round, the TEC introduced new research requirements in investment plans submitted by tertiary education organisations (TEOs) receiving Performance-Based Research Fund (PBRF) funding. These TEOs must now demonstrate how they propose to engage with businesses and research end-users and how they will respond to changes in the wider science system, including new Government priorities.

The TEC also contributed significantly to the development of the Tertiary Research Excellence Fund (TREF) design, including the new commercialisation component. During 2025/26, we supported MoE's development of the policy advice that led to Ministerial and Cabinet decisions on the TREF, which replaces the PBRF from 2029.

Effective and efficient delivery of our core functions

Compliance reduction

Reducing unnecessary compliance while maintaining appropriate accountability for public funding remains a key focus for the TEC. We are committed to ensuring providers can focus their efforts on delivering high-quality education and training, and the Crown realising value from its investment of almost $4 billion a year, while also managing financial risk to the Crown.

We regularly review our processes, with compliance reduction a key design principle, while also working with other agencies to ensure the accountability balance is right.

We are also using insights from the annual Tertiary Sector Survey (TSS) to guide our future work programme, prioritise changes and assess progress. Initial analysis of the results from the 2026 TSS indicates that the sector feels that our compliance levels are not overly burdensome given our accountability for public funds. Across the nine different compliance activities we asked about, over 70% of TEOs said the level of compliance was “about right”.

We have also made changes to our provider-facing activities to simplify or clarify processes and expectations for the sector.

An example is our Data System Refresh. The TEC can now collect data more easily while providing a simplified experience for TEOs. There is a single modernised portal which also offers TEOs the option to submit data directly from their student management systems.

The April 2026 Single Data Return results show positive year-on-year changes: enquiries from providers decreased 47%; technical issues that required logging dropped 93%; and on-time submissions increased from 71% to 92%.

We have previously implemented a financial monitoring framework (FMF) for tertiary education institutions (ie, universities, polytechnics and wānanga). This was developed in collaboration with the sector and published in 2024. It improved transparency and understanding of the TEC’s financial monitoring methodology and our expectations of the sector. This assists the sector with financial reporting.

Artificial intelligence

The TEC is adopting artificial intelligence (AI) in a deliberate and responsible way to improve how we deliver our functions and services.

With a strong foundation now in place, approved AI tools are helping staff access and apply information more effectively and enhance digital delivery and services. Our approach to AI carefully balances productivity gains with informed decisions about value, risk and investment.

During 2025/26 we progressed the next phase of our AI programme, focusing on identifying and prioritising reduction of manual effort, and supporting better outcomes for the staff, and ultimately students, trainees and providers.

Our investment assessment tool is an example of how we are using AI to create efficiencies. The tool uses AI within the investment process to support information analysis of tertiary education organisation Investment Plans, enabling staff to provide information to expert panels more efficiently. However, it does not make decisions.

Significant Budget decision

Moving from first-year Fees Free to a final-year Fees Free scheme

As part of Budget 2024, the decision was made to stop first-year Fees Free payments from 2025 and replace the policy with a final-year Fees Free scheme. Both schemes have since ended and the information below relates to this period.

During 2025/26 the TEC worked with the Ministry of Social Development (MSD) and Inland Revenue (IR) to implement the Government's final-year Fees Free scheme. The cross-agency operating model and data sharing solution went live in October 2025, with students able to apply for their entitlement using myIR from January 2026. We support IR to make payments through data collection and entitlement assessment and provide an escalation pathway for students who request a review of their eligibility or entitlement.

The Government has confirmed the final-year Fees Free scheme will end on 31 December 2026. Students who completed their eligible qualification or programme in 2025 have until 31 December 2026 to apply for their entitlement, and those who complete in 2026 will have 12 months from their completion date to apply.

As at 30 June 2026, IR had paid 2,047 students their Fees Free entitlement. We continue to work with IR and TEOs to raise student awareness of the new process, to increase application numbers.

The first-year Fees Free scheme operated under a transition period with no new learners in 2025. We have now closed out the scheme, making final allocations to TEOs in June 2026.

Other significant Budget decisions

These Budget decisions are considered "significant" as they are important to delivery of the Government's priorities, important to Parliament and the public, and are material to the TEC.

Budget 2025:

- **Tuition and training subsidies:** $213 million was budgeted to increase tuition and training subsidies by 3% from 1 January 2026, for targeted priority areas across all levels of tertiary study. An additional $64 million was budgeted for a 1.75% increase in subsidies at degree level and above, focused on high-priority areas such as science, clinical psychology, veterinary science and initial teacher education.
- **Enrolment growth:** $111 million was budgeted to support enrolment growth in 2025 and 2026, including funding for 175 additional Youth Guarantee students per year.

Budget 2026:

- **Tertiary education volume pressures – funding additional demand:** Budget 2026 provides funding to enable the TEC to fund increases to forecast tertiary education and training volumes at Levels 3–10. This comprises $72.280 million in 2025/26, $111.715 million in 2026/27 and $94.026 million in 2027/28. (See Vote Tertiary Education Estimates of Appropriation 2026/27 on page 199.)
- **Funding to support increased Youth Guarantee learners:** Budget 2026 provides $86.9 million to support additional Youth Guarantee learners. This additional funding will support an extra 1,000 equivalent full-time students (EFTS) for Youth Guarantee annually, increasing from 4,500 to 5,500 from 2026. Youth Guarantee helps build employability skills and reduces the number of young people not in education, employment or training. (See Budget 2026 Summary of Initiatives on page 60.)
- **Funding to support increased Trades Academies:** Budget 2026 also reprioritises $69.1 million from the final-year Fees Free policy to increase places for senior secondary students in Trades Academies, so more learners can pursue trades or technology careers. In response to current unmet demand, funded places will double from the present figure of around 10,000, to around 20,000 by 2030. The new funding will be phased in from 2027. The MoE provides funding to the TEC from Vote Education to fund Trades Academies in the tertiary setting.
- **Tuition subsidy increases for foundation education:** This initiative provides an additional $24.5 million over the next four years to increase tuition and training subsidies by 2% for foundation education provision from 1 January 2027. All other tuition and training subsidies remain unchanged. (See Vote Tertiary Education Estimates of Appropriation 2026/27 on page 199.)



Look for this symbol in Part four: Statement of performance to find performance information on significant Budget decisions.

We contributed to the Government's baseline savings requirements

All agencies are required to set out the amount saved in their Budget 2025 Initial Baseline Exercise (IBE) and how they achieved these savings, including contractor and consultant savings.

The TEC baseline was reduced by $2.9 million per annum from 2025/26 as a result of the Budget 2025 IBE. We achieved these savings through reducing staff by 20 FTEs and further rationalising our property footprint, as well as through targeted reductions to contractor/consultant expenditure, cloud storage and IT consumable costs.

We take a continuous improvement approach to our functions

As an organisation, we continually improve how we deliver our functions to increase efficiency and effectiveness.

We have maintained a strong focus on streamlining reporting requirements, reducing duplication and compliance activity across the tertiary education sector where appropriate. This improves clarity and consistency of investment expectations, while lowering administrative effort and costs for both providers and the TEC.

We are working collaboratively with providers to simplify investment, monitoring and accountability processes, ensuring they are proportionate, risk-based and focused on outcomes. By reducing duplication and administrative load, we are enabling providers to focus resources on delivering high-quality education, support students and trainees, and respond to workforce and regional needs, while ensuring we maintain accountability for public funding, and stewardship of the tertiary and careers system.

Assessment of operations

The core business activities we focused on this year were:

Investment

During the year we focused on:

- allocating tertiary funding to meet skills needs and to support economic growth
- using investment levers to lift participation, completion and research performance
- ensuring a balanced network of provision for diverse students, trainees and communities
- engaging stakeholders to set priorities for vocational and higher education
- collaborating across government and the sector to target investment effectively, and
- aligning careers work with tertiary investment and system outcomes.

For more information on these activities, see pages 24 to 27.

TEO monitoring and risk management

During the year we focused on:

- helping tertiary education organisations (TEOs) to comply with funding rules and protect students' and trainees' interests
- supporting responsible investment and a sustainable sector
- supporting the governance of Crown-owned institutions, and
- managing risk to the Crown, the sector and TEOs.

For more information on these activities, see pages 31 to 32.

Careers

During the year we focused on:

- providing information, tools and support to inform and enable good educational and employment decisions
- leading the cross-agency delivery of the National Careers System Strategy
- supporting New Zealanders to explore career and study pathways, and
- connecting students and trainees with career possibilities.

For more information on these activities, see pages 34 to 35.

Part three: How we are delivering on our strategic intentions

Wāhanga tuatoru: Tā mātou whakatinana i ō mātou koronga rautaki

Information in this section is presented under Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48)

Our strategic intentions

The introduction of the new Tertiary Education Strategy (TES) in December 2025 provided a new strategic framework for the tertiary education system. During the second half of the year, we progressed work to align our investment and careers functions to give full effect to the new TES.

This is reflected in our new Statement of Intent (SOI) (2026/27–2029/30).

As this reporting year spans both strategies, this annual report reports performance against the framework in our interim SOI 2025/26 while also highlighting progress towards the priorities of the new TES.



Our Purpose

Our purpose is to shape a dynamic system that delivers lifelong learning and equips learners, employers and communities for success.

Our Vision

Our vision is a resilient, prosperous New Zealand – where every person has the skills, knowledge and confidence to create a fulfilling life.

Our Goals

An adaptable system

We have an adaptable tertiary education system that serves the needs of New Zealand now and in the future

Build the right skills to succeed

The careers system supports everyone to gain the skills, knowledge and pathways to succeed, so people, employers and communities can thrive

Improving educational outcomes

Education, training and career pathways support improving educational outcomes

Equip TEC for the future

Our Priorities for 2025/26

To deliver on our strategic intentions we have established our work programme priorities for 2025/26:

Delivering on the Government's priorities:

- Redesign of the vocational education and training (VET) system
- Final-year Fees Free
- Ministers' decisions on the University Advisory Group
- Integration and collaboration of universities with business and the broader science and research system
- Levers to drive access, participation and completion.

Delivering on our core business activities which reflect our statutory functions as set out in the Education and Training Act 2020:

- Investment
- TEO monitoring and risk management
- Careers.

Our Values and Behaviours

Our values and behaviours reflect the essence of who we are, guide the way we work together and are pivotal to achieving our strategic intentions

Work together for success	Connect with people	Service matters	Do the right thing

An adaptable system

He pūnaha urutau



We are the Government's key agency for investment in tertiary education

The TEC leads the Government's relationship with the tertiary education sector in New Zealand and has statutory responsibility for funding and monitoring tertiary education organisations (TEOs).

Our investment in the tertiary education system supports organisations across New Zealand to deliver post-secondary education, including foundation education, vocational education and training, and higher education, including research.

We allocate tertiary funding to meet skills needs and to support economic growth

During the year, we continued to take a careful and considered approach to allocating tertiary funding in a fiscally constrained environment. Our investment decisions supported tertiary education that contributes to driving economic growth, maintains an appropriate network of provision across New Zealand, responds to stakeholder needs and priorities, and delivers value from the Crown's investment.

Investment priorities were informed by the Tertiary Education Strategy (TES), Government priorities, TEC focus areas, and advice about demand from industry, employers and regions. Our investment priorities ensured funding was directed towards education and training that supports New Zealanders to gain the skills and qualifications needed by the economy, while giving providers greater certainty to plan and deliver for their students and trainees.

Between July and December 2025, the TEC Board approved more than $3.46 billion in funding allocations for 2026 across 235 providers with approved Investment Plans. We continued to actively manage in-year adjustments to focus on greater alignment between allocation and provision that meets the strategic priorities of Government and industry. This includes adjusting funding down where there is less demand than expected. This active fund management helps reduce end-of-year funding recoveries and supports better alignment of funding with demand during the year.

We use our investment levers to lift participation, completion, and research performance

During the year, we continued to use our investment levers to support better outcomes for students and trainees and stronger performance across the tertiary education and research system. This included monitoring provider performance, following up where concerns were identified, and supporting TEOs to embed student and trainee approaches that improve participation, retention and course and qualification completion.

Student and trainee achievement continued to improve across several key educational performance indicators, although further gains are required to sustain long-term improvement. In provider-based education, first-year retention increased to 79% and course completion rate increased to 86%. Both are the highest results recorded since the current performance indicators were introduced in 2016. Work-based indicators saw credit achievement rates improve to 80% – higher than any year since 2017. However, qualification completion rates are yet to show such shifts.

Achievement by all students and trainees is an economic growth issue, not just an equity issue. Improved achievement supports students and trainees to gain the skills that will lead to good careers and economic resilience, which in turn drives economic opportunities more broadly. This includes lifting the achievement of under-served students and trainees, including Māori and Pacific peoples, who will make up an increasing share of the New Zealand population and workforce. The rapid growth of the Māori economy and its contribution to New Zealand's economic performance means that supporting Māori educational achievement is therefore linked to both Māori economic development aspirations and national prosperity. It is unlikely New Zealand can achieve its long-term productivity, growth and social wellbeing objectives unless Māori and Pacific tertiary achievement improves.

We continued to invest in research capability that supports innovation, knowledge creation and long-term economic and social outcomes for New Zealand. Through targeted investment in higher education and research, we helped sustain capability in areas of national importance and supported research organisations to deliver benefits for students, trainees, communities, industry and New Zealand. In March 2026, the TEC introduced, where relevant, a requirement for providers to outline their research activities in their Investment Plans.

We continued investment in the Centres of Research Excellence (CoREs), which support world-class research, capability development and knowledge transfer across the research system. CoREs support networks of researchers and organisations who are carrying out world-class research, building human capability, and supporting translation of new ideas and discoveries into innovation, impact and public benefit.

We ensure there's a balanced network of provision for diverse students, trainees and communities

Each investment round, we make decisions to maintain and shape an appropriate network of provision across higher, vocational and foundation education. These decisions align with the Government's priorities and help ensure the tertiary education system can meet the needs of diverse students, trainees, communities, employers and regions across New Zealand.

The network of provision is the pattern of education and training on offer nationally, regionally and locally. It includes the type and level of provision offered, who provides it and to whom, and the volume and cost. When we make decisions about new or changed provision, we consider how it responds to regional needs and gaps.

During the year, we maintained a focus on ensuring students, trainees and communities across New Zealand have access to an appropriate mix of provision. Foundation education needs to be broadly available, while work-based learning must be able to support students and trainees wherever they are employed. We also supported strategically important polytechnic provision so that relevant local delivery remained available in the regions.

We engage stakeholders to set priorities for vocational and higher education

We review our targeted investment priorities for vocational and higher education each year, drawing on engagement with industry, employers, iwi, regional organisations, tertiary education organisations, professional bodies and other government agencies. This engagement helps us understand current and emerging skills needs, regional priorities, iwi aspirations, the growing Māori economy, employer demand and provider capability.

These insights inform where targeted investment can have the greatest impact – supporting education-to-employment pathways, regional development, priority workforce needs, and long-term sustainability of the tertiary education network. They also help ensure our investment settings are responsive to stakeholder needs and better aligned with outcomes for students, trainees, communities and the economy.

We collaborate across government and the sector to target investment effectively

We worked closely with other agencies in the New Zealand education system, including the Ministry of Education, Ministry of Health and the New Zealand Qualifications Authority (NZQA), to support coherent investment decisions and effective system stewardship. Collaboration across government agencies helped ensure our investment approach reflected wider policy settings, funding priorities and quality assurance expectations.

We continued to work with providers and tertiary-sector representative bodies to improve the effectiveness of our investment guidance and reduce unnecessary compliance where possible. We have focused on better information sharing, using data and forecasts, clarifying expectations, simplifying requirements and engaging early with providers.

These improvements supported more transparent and responsive investment decisions and focused on achieving good outcomes for students and trainees.

Key improvements during 2025/26 included:

- rolling out a revised financial monitoring framework for private training establishments
- integrating and streamlining key processes into Investment Plans
- simplifying exceptional circumstances requirements for extramural delivery and the micro-credential funding approval process, and
- formalising a data-sharing Memorandum of Understanding between the NZQA and TEC.

Our careers work is aligned with tertiary investment and system outcomes

Careers services complement our investment role by helping students, trainees and whānau make informed education and employment decisions, and strengthening links between education and labour market opportunities. This is a key enabler for the TES.

During the year, we refreshed the National Careers System Strategy (NCSS) Action Plan for 2026/27 to better align with TES priorities and the needs of tertiary students and trainees. Updated workstreams focus on building insights into tertiary education-to-employment pathways, sharing good practice and resources, building career workforce capability, and understanding what works.

The Industry Skills Boards (ISBs), established in 2026, can share career insights with the TEC at any time. ISBs' careers and workforce insights will help the TEC improve careers information, tools and services (Tahatū Career Navigator), and strengthen connections between education and employment (Inspiring the Future).

Our new career planning website, Tahatū Career Navigator, helps people explore education and career pathways aligned with their aspirations and labour market opportunities.

Further detail on our careers work is outlined in the next part, "Build the right skills to succeed".

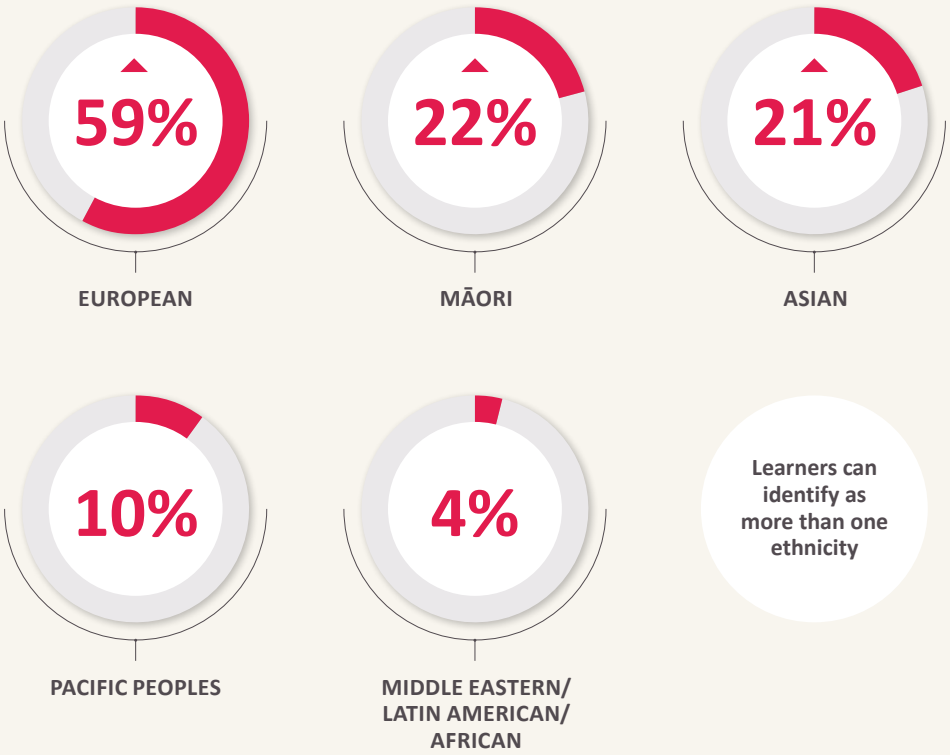
Our tertiary education learners

In 2025, there were

439,040

TEC-funded learners enrolled in NZIST, universities, wānanga, and private training establishments[1]

TEC-funded learners[2]

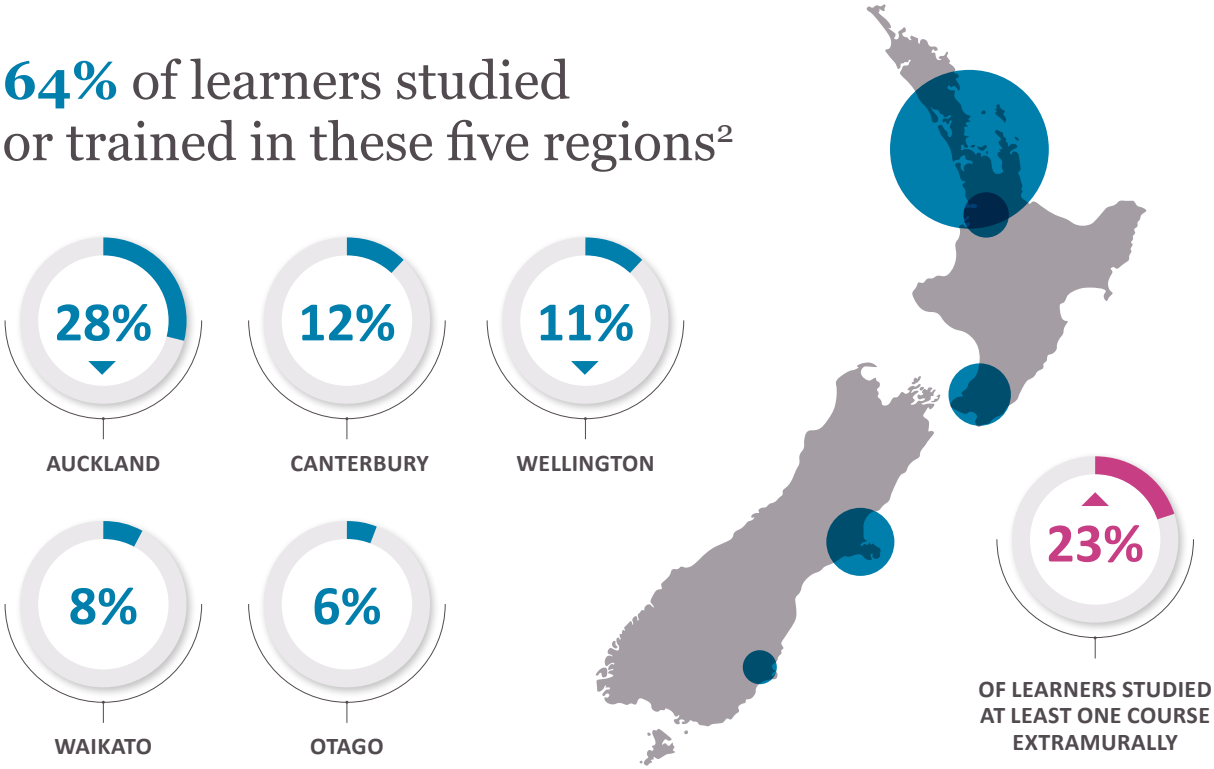


We have included arrows to show upward and downward trends from the previous year. Where there is no arrow, there has been no change from the previous year.

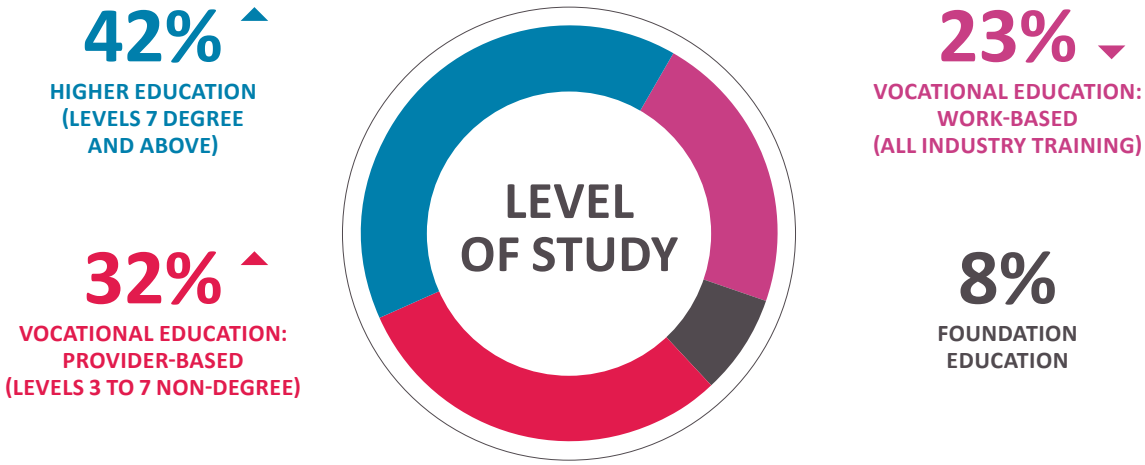
1. Data is based on both the Single Data Return and the Industry Training Register.

2. Learners can be counted more than once when they are reported in more than one category. Therefore, the sum of learner numbers in individual categories may exceed the total number of TEC-funded learners (439,040), and aggregated percentage values may exceed 100% or the total percentage.

64% of learners studied or trained in these five regions[2]



Learners studied and trained at these levels[2]



We have included arrows to show upward and downward trends from the previous year. Where there is no arrow, there has been no change from the previous year.

1. Data is based on both the Single Data Return and the Industry Training Register.

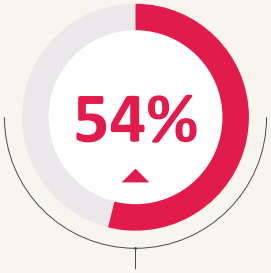
2. Learners can be counted more than once when they are reported in more than one category. Therefore, the sum of learner numbers in individual categories may exceed the total number of TEC-funded learners (439,040), and aggregated percentage values may exceed 100% or the total percentage.

TEC learners[2] eligible for funding included

100,295 ▼ WORK-BASED LEARNERS

345,400 ▲ PROVIDER-BASED LEARNERS

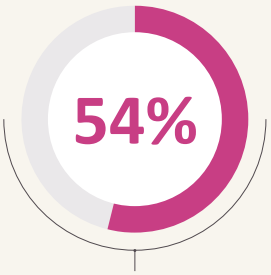
29% OF WORK-BASED LEARNERS WERE FEMALE



61% ▼ OF PROVIDER-BASED LEARNERS WERE FEMALE

OF ALL TEC-FUNDED LEARNERS WERE FEMALE

57% ▼ OF WORK-BASED LEARNERS WERE AGED 25 OR OLDER



52% ▼ OF PROVIDER-BASED LEARNERS WERE AGED 25 OR OLDER

OF ALL TEC-FUNDED LEARNERS WERE AGED 25 OR OLDER

2025 completion rates for TEC-funded learners included[1]

WORK-BASED LEARNERS

55% ▼ PROGRAMME COMPLETION RATE

80% ▲ CREDIT ACHIEVEMENT RATE

PROVIDER-BASED LEARNERS

60% QUALIFICATION COMPLETION RATE

86% ▲ COURSE COMPLETION RATE

In addition to the TEC-funded learners, there were **56,495** ▲ provider-based international fee-paying learners. **88%** ▲ of these international learners were from Asia.[3]

We have included arrows to show upward and downward trends from the previous year. Where there is no arrow, there has been no change from the previous year.

1. Data is based on both the Single Data Return and the Industry Training Register.

2. Learners can be counted more than once when they are reported in more than one category. Therefore, the sum of learner numbers in individual categories may exceed the total number of TEC-funded learners (439,040), and aggregated percentage values may exceed 100% or the total percentage.

3. Data based on the Single Data Return.

We monitor funded tertiary education providers and the performance of the sector

The TEC undertakes a range of monitoring activities on behalf of the TEC Board of Commissioners to inform funding decisions, and on behalf of the Crown given its ownership interest in tertiary education institutions (TEIs). Our monitoring supports student and trainee achievement, ensures accountability for public funding, and contributes to the TEC's stewardship of the overall tertiary system.

Audits and investigations help tertiary education organisations comply with funding rules and protect students' and trainees' interests

Audits, investigations and broader data-driven reviews of common issues provide assurance that tertiary education organisations (TEOs) are complying with funding rules, and help identify and correct issues where they arise.

In 2025/26, the TEC completed 45 compliance audits of TEOs (up from 42 in 2024/25). Based on our 2026 Tertiary Sector Survey, 92% of TEOs we audited agreed or strongly agreed that their audit report was clear and easy to understand (up from 85% in 2025), and 85% agreed or strongly agreed the report was useful to their organisation (consistent with 2025).

Findings from our audits, investigations and broader reviews are routinely shared with the sector to build TEOs' awareness of common issues. During 2025/26 we published two monitoring updates (available on the TEC website), covering a wide range of guidance on compliance matters.

Financial monitoring supports responsible investment and a sustainable sector

The TEC meets regularly with TEIs to understand their financial position, operating context and unique challenges and risks. We receive regular financial and non-financial information from all TEIs, and additional information where institutions are considered moderate or high risk. This supports us to monitor and understand risks to their financial sustainability and informs high-quality advice to the responsible Minister on sector performance.

During 2025/26, we established regular engagements with the management teams of the newly established polytechnics, as most of them are still working to deliver improvements in financial performance to support longer-term sustainability. We also continued to engage regularly with universities where risk levels are elevated.

While continued growth in both domestic and international enrolments is boosting financial performance, the tertiary sector generally continues to respond to several financial pressures. These include: the TEC's constrained funding environment; market shifts, including changing student and trainee preferences; and the need to balance capital investment that supports long-term strategic growth objectives against near-term profitability and financial pressures.

The TEC assesses the financial viability of private training establishments (PTEs) that receive over $50,000 in funding each year. During 2025/26, we made three targeted changes to the PTE financial monitoring framework to reduce the compliance burden on PTEs. This included introducing a perceived risk rating.

We support the governance of Crown-owned institutions

In 2025/26, we supported responsible Ministers to make 65 new appointments and five reappointments to TEI governing councils and the Industry Skills Boards. In early 2026, we re-launched our inductions for TEI council members, with a strengthened focus on what good governance looks like in the tertiary education sector, and with targeted sessions on key aspects of the tertiary education system. Feedback from the first session for university and wānanga council members (held in April 2026) has been positive, with additional sessions planned throughout 2026/27.

Managing risk to the Crown, the sector and tertiary education organisations

Our monitoring work collectively informs our overall view of risk for individual TEOs and different subsectors, which helps us manage risks to:

- the Crown
- the investment of public funding, and
- students and trainees.

During 2025/26, our monitoring work continued to support the Government's vocational education and training system reforms. This included: continuing to advise on the viability of polytechnics being re-established as standalone entities; monitoring performance of polytechnics that have been re-established; and supporting the transition of work-based learning from Industry Skills Boards to tertiary education providers.

The TEC is also monitoring the University of Waikato's establishment of the New Zealand Graduate School of Medicine, and supporting the wider New Medical School programme, led by the Ministry of Health, due to the impacts on the wider health education system.

Measures and trend information

These measures show progress against the following outcome:
An adaptable system



System accessibility, resilience, and connectedness

Collaboration

This measure provides examples of collaboration between tertiary education organisations, and with employers, iwi and communities

Narrative measure

Collaboration behaviours between tertiary education organisations, and with employers, iwi and communities on issues affecting sector performance

2025/26 progress

We have observed many positive examples of collaborative behaviours between tertiary education organisations (TEOs) and with employers, iwi and communities this year. Examples include:

- The Mātauranga Iwi Leaders Group Joint Work Programme with the TEC is strengthening collaboration between iwi, TEOs and employers to align education with regional and national economic development and strengthen pathways into tertiary education. (Pilot regions include Te Hiku and the Far North.)
- Te Hiku Iwi is strengthening understanding of insights with TEOs in Northland.
- Massey University is working closely with Northland regional stakeholders to strengthen education, research and innovation opportunities in food and fibre, through an agreement that establishes a platform for collaboration between the university, Northland Inc, iwi, local schools and industry.
- South Island Rural Health Training Hub is focusing on supporting students into clinical placements, creating stronger training pathways and providing pastoral support to help attract and retain frontline health workers across the South Island.
- The Western Institute of Technology at Taranaki and Te Whatu Ora strengthened collaboration between tertiary education and the health sector by co-locating health services on campus and creating opportunities through partnerships with students, staff, whānau and the wider community.
- Wintec and Te Nehenehenui collaborated on Te Huinga o Te Tangata, a culturally grounded health pathway programme that supports aspiring Maniapoto Māori health professionals and creates pathways towards health degree study.
- Whakatōhea iwi, wider Ngā Hua a Tangaroa partnership, Ōpōtiki College and Primary ITO worked together to develop and expand aquaculture education delivery.

Build the right skills to succeed

Te whai pūkenga tika kia angitu ai

Providing information, tools and support to inform and enable good educational and employment decisions

The TEC has a legislative role to provide occupation and educational information, and to build connections between schools, tertiary providers, employers and communities to ensure all New Zealanders are ready for employment and further study. We do this through a suite of information and tools to support career decisions and strengthen links with our investment function, and by partnering with agencies and communities to improve career outcomes.

We work across government agencies, industries and communities that help us deliver information and services to customers and providers. Key partners include the Ministry of Education; Ministry of Business, Innovation and Employment; Ministry of Social Development; Education New Zealand; and the New Zealand Qualifications Authority. Together we all contribute to a strong education system and improve the connections between learning and work.

Tahatū Career Navigator and Inspiring the Future are key initiatives delivered through the National Careers System Strategy Action Plan. Together, they provide an integrated career development journey for young people, helping them move from early curiosity about the world of work to informed decisions about education, training and future career pathways.

We lead the cross-agency delivery of the National Careers System Strategy

The TEC holds the leadership role in the careers system. We lead and coordinate the implementation of the National Careers System Strategy Action Plan and chair the cross-agency Careers System Steering Group.

We delivered on a range of actions to strengthen the visibility, quality and accessibility of the careers system. This included strengthening leadership and collaboration across the system; rolling out the Career Practice Hub on Tahatū Career Navigator to support career professionals, educators and communities; updating and promoting significant community resources, including Rangatahi Futures and the Job Hunters Workbook; and continuing to enhance the Tahatū Career Navigator platform. A new Action Plan for 2026/27 was developed to align with the Government's "Going for Growth" agenda and "Developing Talent" pillar.

Tahatū supports New Zealanders to explore career and study pathways

Tahatū Career Navigator is the TEC's public-facing career planning website that supports New Zealanders to explore career ideas and make informed study and training decisions.

It supports our statutory function to collect and provide information about study and work options by providing data and researched content on more than 800 career ideas and 4,000 qualifications and courses.

Tahatū Career Navigator replaced the careers.govt.nz website in December 2025, following a successful rollout to all secondary schools in June 2025. By May 2026, Tahatū Career Navigator reached a milestone of over one million New Zealand-based visits, and it is now available to all New Zealanders.

Key features and uptake of careers tools

The platform's Interest quiz, which uses career theory to link users' interests to possible career options, was particularly popular, with more than 264,000 completions.

Enhancements that were made following the public release include a video library, which showcases custom-made videos for more than 200 career ideas, and a Career Practice Hub, which gives career educators and whānau access to resources, activities and professional support.

Government agencies, including the Ministry of Social Development and the Department of Corrections, have adopted Tahatū to support their career and employment-related services.

Inspiring the Future connects students and trainees with career possibilities

Delivering programmes to expose students and trainees to career pathways

The Inspiring the Future programme helps facilitate and strengthen connections between schools, employers and future pathways. It connects school students (and young people not in education, employment or training) with volunteer role models from the world of work, in fun and inspiring events that broaden career options and challenge stereotypes.

At 30 June 2026, 591 events have been completed since the programme began, facilitating more than 40,000 connections between young people and the world of work.

Expansion to secondary schools

In June 2026, new recommended event formats were added to Inspiring the Future to better support senior secondary students preparing for their next steps beyond school. This gives schools more options for focused interactions that support exploration of career pathways, tertiary study and training options and is a complementary career offering to Tahatū Career Navigator.

Measures and trend information

These measures show progress against the following outcome: **Build the right skills to succeed**



The system ensures learners are ready for the future

Careers information

The measure tracks the usefulness of New Zealand's new careers website tahatu.govt.nz, profiling school subjects, qualifications and career ideas.

Metric		
Feedback from New Zealanders on the usefulness of careers information to assist with education and career-related decision-making		
Indicator of progress towards achieving this metric (SPE narrative measure result)	**2025/26 Actual**	**2024/25 Actual**
New measure Percentage of account holders who agree that Tāhatū Career Navigator provides useful careers information and tools (Note 1)	73.49% Baseline year	Not applicable

Note 1 – An account holder is someone who has created a My Kete account in Tahatu.govt.nz and agreed to receive surveys. A Likert scale is used to measure people's attitudes toward usefulness by asking them to rate their level of agreement on a structured scale (1–5/strongly disagree to strongly agree).

Post-study outcomes

This measure shows the percentage of graduates who had income from employment sources above 50% of the minimum wage. This is measured one year after qualification completion for Levels 1 to 7 non-degree and three years for Level 7 degree and above. The measure only includes graduates aged 25 or under at time of qualification completion.

Metric	**2025 Actual**	**2024 Actual**	**2023 Actual**	**2022 Actual**	**2021 Actual**
Percentage of learners who experience positive post-study outcomes within the first one to three years of graduation (Note 1)	69.80% (Note 1)	69.4%	67.0%	65.1%	63.6%

Note 1 – Post-study outcomes are very similar to the previous year across all levels of education.

The system provides employers and communities with the skills they need

Work-integrated learning

This measure tracks the number of employers who have arrangements with tertiary education providers to enable work-based learning, and the number of students and trainees who are participating in work-based learning components within their industry training programme or tertiary qualification.

Metric	Group	2025 Actual	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Number of employers and learners involved in work-integrated learning	Employers involved in work-integrated learning	28,234 (Note 1)	30,869	34,262	37,784	35,601
	Learners involved in work-integrated learning	100,297 (Note 2)	112,958	127,885	149,545	143,545

Note 1 – We have seen a continued decline in the number of employers involved in work-integrated learning. This is the third consecutive year of decreasing participation, following earlier growth that peaked when the Targeted Training Apprenticeship Fund (TTAF) ended. The decline is likely influenced by both the cessation of TTAF in December 2022 and broader economic conditions including weaker business confidence and lower hiring activity.

Note 2 – We have seen a continued decline in the number of learners participating in work-integrated learning. This is the third consecutive year of decreasing learner participation, following earlier growth that peaked when the Targeted Training Apprenticeship Fund ended. The decline is likely influenced by both the cessation of TTAF in December 2022 and broader economic conditions including weaker labour demand, reduced hiring activity and fewer employers able or willing to offer workplace-based learning opportunities.

Improving educational outcomes

He porihanga tuwhera me te ōritetanga



Reviewing our levers to drive access, participation and completion

We use investment to incentivise better student and trainee outcomes

We use our investment decisions to set clear expectations that improving outcomes for students and trainees is a priority. Our investment decisions are used to reinforce our expectations and the priorities of the Tertiary Education Strategy (TES), with a particular focus on improving access, participation and achievement.

We use a range of investment levers to demonstrate our expectations and respond where performance concerns exist. These include: varying Investment Plan length; applying funding conditions; ringfencing funding; considering student and trainee achievement approaches and disability action planning when assessing requests for additional funding; and reducing indicative allocations where confidence is low. Educational Performance Indicators (EPIs) are a key factor in these decisions and help identify where further action may be required.

Through the 2027 Investment Plan process, we are seeing institutes of technology and polytechnics demonstrate commitment to improving outcomes for their students and trainees. This signals strong alignment with TEC expectations and TES priorities, particularly the focus on supporting student and trainee achievement, access and participation.

Engagement with large tertiary education organisations (TEOs) has continued throughout the year, with student and trainee achievement activity and progress remaining a core element of those discussions.

Through strategic engagement with large TEOs, we support continued improvement of student and trainee progression and achievement approaches. Examples include:

- Auckland University of Technology and the University of Waikato have reported that their students and trainees with disabilities are achieving at rates comparable to their non-disabled peers, reflecting the impact of targeted support initiatives.
- Universities are increasingly open to collaborating to improve student and trainee outcomes. This includes a consortium between the University of Canterbury and Victoria University of Wellington to implement data coaching models and develop learner-centred data standards. Collaboration has been furthered by the involvement of University of Waikato.
- Te Whare Wānanga o Awanuiārangi has shifted from a centralised student achievement function to an organisation-wide approach, embedding student achievement across governance, reporting to leadership, and He Ara Rautaki 2050 (Long Term Strategic Plan). This has strengthened data capability and learner voice, while supporting continued efforts to improve completions.

- Media Design School has enhanced its student and trainee support systems by introducing learner success and attendance dashboards, enabling earlier identification and support for learners at risk.
- Several universities are revising their student achievement targets and goals, to ensure they remain achievable while reflecting progress made to date. This shows a proactive approach to monitoring and continuous improvement, with TEOs refining their measures and targets as student and trainee achievement initiatives continue to mature.

We provide careers information and tools to support informed choices

Our careers work programme and services redress the information imbalance in the system and allow students and trainees and their whānau to make informed choices, understand their strengths and options, and connect tertiary education with future employment opportunities. This is a key enabler for the TES.

In 2025/26, we refreshed the National Careers System Strategy Action Plan for 2026/27 to better align with TES priorities and the needs of tertiary students. Updated workstreams focus on building insights into tertiary education-to-employment pathways, sharing good practice and resources, building career workforce capability, and understanding what works.

Supporting providers to continue to deliver on the commitments in their plans to lift student and trainee achievement

We are committed to creating a tertiary education and careers system that responds to every student and trainee's needs

To ensure all students and trainees receive the support they need to succeed in education, we work with tertiary education organisations (TEOs) to create education environments that are learner-centred and where more students and trainees, especially those most disadvantaged, can succeed.

Strengthening sector capability to improve student and trainee outcomes

We support TEOs to deliver on their commitments to improve student and trainee achievement. This includes improving parity between under-served students and trainees, and other students and trainees in the tertiary system. Along with monitoring and engagement, we provide guidance, research, practical tools and examples of effective practice. This helps TEOs strengthen their approaches to student and trainee progression and achievement.

Existing tools and resources are largely tailored to universities and wānanga. During the year, we expanded our support to better reflect the operating contexts of other sub-sectors. We have begun developing resources to support students and trainees in work-based learning settings and smaller private training organisations (PTEs) that receive under $5 million in TEC funding. These will be published on the tec.govt.nz website later this year, with sector engagement to support their roll-out.

We continue to support inclusive and effective teaching through tools and frameworks such as the Dyslexia-Friendly Quality Mark (DFQM) and the Literacy and Numeracy for Adults Assessment Tool (LNAAT). Following the disestablishment of Ako Aotearoa, we worked with Learning Matters to transition ownership of the DFQM and support continuity of this professional development framework. LNAAT facilitation has been brought in-house, enabling us to provide direct customer support, maintain public information, manage platform technical support, and provide specialist literacy and numeracy advice to TEOs.

In partnership with the sector, we facilitate a community of practice where TEOs share examples of practices that are improving student and trainee outcomes. Live webinars and prerecorded sessions focus on five key areas: the seven learner success capabilities; extramural delivery; building capability for generative AI; work-based learning; and smaller PTEs.

Following consultation with the sector, student and trainee achievement approaches have been further embedded into 2027 and future investment rounds. This supports TEOs to streamline Plan components and reduces compliance.

Measures and trend information

These measures show progress against the following outcome: **Improving educational outcomes**



The movement of under-served groups' outcomes towards parity with everyone else

Learner success

This measure tracks the progress tertiary education institutions are making towards delivering on their Learner Success Plans and Disability Action Plans.

Narrative metric
Tertiary education institutions (TEIs) show progress against their Learner Success Plans (LSPs) and Disability Action Plans (DAPs)
Indicator of progress towards achieving this measure (SPE narrative measure result)
All TEIs continue to focus on growing their learner success maturity, and we are satisfied that all are making progress. Over 2025/26, the leadership teams of the newly established polytechnics have been revising their LSP- and DAP-related activities further to the disestablishment of NZIST. Polytechnic Investment Plans to be submitted in quarter 1 of 2026/27 are expected to summarise future activities to improve student and trainee outcomes. For universities and wānanga, LSP- and DAP-related activities are summarised in annual Engagement Plans. This summary is a baseline which informs engagement with each TEI, and progress (and changes to activities) is documented in individual engagement report backs.

2025/26 is the final year that learner success information will be provided through LSPs. From 2026/27 onwards, TEIs have been asked to fully integrate learner success activities into their Investment Plans to show how they are working to improve educational outcomes for students and trainees.

Achievement rates

We want to see achievement patterns for under-served learners be on a par with other learners in the tertiary education system. The following retention and education outcomes measures track the difference in achievement between one group and another (the achievement gap).

Metric							
Year 1 retention rate parity between under-served learners and other learners in the tertiary system							
Indicator of progress towards achieving this metric (SPE measure result)	**Group**	**Level**	**Achievement gap**				
			2025 Actual	**2024 Actual**	**2023 Actual**	**2022 Actual**	**2021 Actual**
First-year retention rates for qualification at:	Māori (relative to non-Māori and non-Pacific)	Levels 4-7 non-degree	-12.0 percentage points (Note 1)	-10.2 percentage points	-0.9 percentage points	-3.0 percentage points	-4.6 percentage points
		Level 7 degree and above	-8.5 percentage points (Note 2)	-9.3 percentage points	-8.9 percentage points	-9.1 percentage points	-9.8 percentage points
	Pacific (relative to non-Māori and non-Pacific)	Levels 4-7 non-degree	-17.7 percentage points (Note 3)	-23.8 percentage points	-7.2 percentage points	-4.6 percentage points	-10.5 percentage points
		Level 7 degree and above	-7.2 percentage points (Note 2)	-7.8 percentage points	-9.7 percentage points	-6.9 percentage points	-7.5 percentage points

Note 1 – The parity gap for Māori learners for qualifications at Levels 4–7 (non-degree) first-year retention of -12.0 percentage points is large and has deteriorated from the prior year result of -10.2 percentage points. Retention figures are often first to deteriorate during a cost-of-living crisis. Māori and Pacific learners are disproportionately impacted by a higher cost of living relative to household income. While inflation figures were low in 2024, inflation has consistently increased from 2.2% in December 2024 to 3.1% in March 2026. Māori and Pacific learners are disproportionally represented in leaving study from year 2, opting for full-time work to support household incomes, especially those undertaking VET provision. Increased maturity and focus on learner success initiatives (such as the Learner Success Framework and Learner Success Diagnostic Tool) across the sector will support improvements to this measure result over time.

Note 2 – The Level 7–10 retention rates for both Māori and Pacific learners compared to non-Māori and non-Pacific learners have shown overall improvements over the last three years. In general, learners entering higher education are more resilient to "first year shock" from economic and work-based changes that impact VET education. Higher-level education is overwhelmingly delivered by the universities, which maintained stable institutional structures, staffing levels and support networks compared to the polytechnics, work-based providers and private training establishments (PTEs), which have faced more volatility and change. Increased maturity and focus on learner success initiatives (such as the Learner Success Framework and Learner Success Diagnostic Tool) across the sector will support improvements to this measure over time.

Note 3 – While the achievement gap for Pacific learners for qualifications at Levels 4–7 (non-degree) first-year retention of -17.7 percentage points is large, it has improved by 5.9 percentage points from the prior year achievement gap of -23.8 percentage points. Retention figures are often the first to deteriorate during a cost-of-living crisis.

		Achievement gap				
Metric	**Group**	**2025 Actual**	**2024 Actual**	**2023 Actual**	**2022 Actual**	**2021 Actual**
Parity between educational outcomes of under-served learners and other learners in the tertiary system (Note 1)	Māori (relative to non-Māori and non-Pacific)	-15.9 percentage points (Notes 2 and 3)	-14.9 percentage points (Note 2)	-14.0 percentage points	-13.3 percentage points	-14.7 percentage points
	Pacific (relative to non-Māori and non-Pacific)	-17.1 percentage points (Notes 2 and 4)	-16.3 percentage points (Note 2)	-14.6 percentage points	-17.5 percentage points	-14.5 percentage points

Note 1 – This measure tracks the movement in the achievement gap between under-served learners and all other learners in relation to the achievement of a formal qualification (Level 4 industry training or Level 7 degree). In 2025/26, we reported on the educational outcomes for Māori learners (relative to non-Māori and non-Pacific learners) and Pacific learners (relative to non-Māori and non-Pacific learners).

Note 2 – Māori and Pacific learners are disproportionally impacted by increases in costs of living, resulting in more learners going into work instead of entering and completing study. The 2025/26 results have shown non-Māori and non-Pacific learners' achievement has fallen marginally, while Māori and Pacific learners' achievement has fallen further, meaning an overall fall in achievement levels and an increase in the gap. Recent changes in funding structure may have also had an impact. The 2026 funding year saw the removal of the Māori and/or Pacific Learner Component Funding. While this funding was not tied directly to any specific initiatives, providers were expected to use this funding to support learners who may have barriers to successfully completing education, including Māori and Pacific learners.

Note 3 – The Māori parity gap between educational outcomes of under-served learners and other learners in the tertiary system increased by -1.0 percentage points, from -14.9 percentage points in 2024, to -15.9 percentage points. While rates for both Māori and non-Māori non-Pacific learners decreased, the rate for Māori learners decreased more, which resulted in the gap widening.

Note 4 – The Pacific parity gap between educational outcomes of under-served learners and other learners in the tertiary system increased by -0.8 percentage points, from -16.3 percentage points in 2024, to -17.1 percentage points. While rates for both Pacific and non-Māori non-Pacific learners decreased, the rate for Pacific learners decreased more which resulted in the gap widening.

Equip TEC for the future

Te Whakarawe i a TEC mō āpōpō

Delivering on our strategic intentions depends on having the right people, processes and technology in place.

"Equip TEC for the future" is our internal outcome and underpins our three external goals. We continually aim to increase our efficiency and effectiveness to deliver value for money for New Zealand.

A productive and results-driven corporate function

Across the 2025/26 year we have continued to strengthen our corporate capabilities, improve key processes, and enhance our ability to deliver effective, customer-focused services across the organisation.

We are using AI safely to improve productivity and efficiency

As covered earlier in this annual report, and in line with public sector expectations, our approach has focused first on building strong foundations, including enterprise-grade security protections, clear guidance and guardrails, staff capability and the controlled introduction of Microsoft Copilot and other approved tools. This has helped staff use generative AI with greater confidence for productivity and efficiency, while ensuring organisational data remains protected and AI use remains aligned with the TEC's responsibilities.

Our focus is now on accelerating the safe and responsible adoption of artificial intelligence (AI) across the TEC, supported by deliberate steps to strengthen security, guidance, governance and staff capability.

Cybersecurity is at the core of our business

The TEC has continued its programme of work to strengthen cybersecurity in an environment of evolving and increasingly sophisticated threats. Our approach remains based on a comprehensive four-tier cybersecurity assurance framework aligned to the National Institute of Standards and Technology cybersecurity framework. It focuses on our people, organisational maturity, independent technical review and audit, and security by design.

During the year, we continued to use independent specialist advice to assess our cybersecurity maturity and inform a targeted programme of improvement, with a strong focus on staff awareness, phishing resilience, multi-factor authentication, secure system design and active Board oversight.

We continued to support cybersecurity maturity across the tertiary education sector. The sector-wide cybersecurity programme completed in 2023/24 continues to provide benefits through discounted phishing awareness tools, access to cybersecurity assessments and practical resources for tertiary education organisations.

During the year, we worked with other agencies and the sector in response to a cybersecurity incident affecting the Canvas platform used by a number of education organisations. The incident highlighted the importance of strong vendor risk management, shared sector coordination and continued vigilance as cyber threats become more sophisticated, including through the use of AI.

We use risk management to support effective decision-making

We work in a dynamic, changing environment, and risk management remains an integral part of our organisational governance at strategic, operational and project levels. Our approach is proactive, and well embedded, supporting a risk-intelligent culture to support and inform decision-making and planning.

Our risk management framework aligns with the globally accepted International Standards Organisation (ISO) standard for Risk Management: ISO 31000 Risk Management – Principles and Guidelines.

We continue to support and strengthen privacy capability across the TEC

Our privacy function continued to operate effectively throughout the year, providing advice and guidance to support the appropriate handling of personal information across the organisation. We maintained our business-as-usual privacy programme and delivered privacy training and awareness activities as required, helping staff understand and meet their privacy obligations.

We are prepared for disruptions and emergencies

We are committed to maintaining our business continuity management system to ensure we are prepared for managing through disruptive events, such as a large-scale emergency.

We regularly test our emergency response and business continuity management system across a range of scenarios to ensure we are prepared for disruptive events. We also stay alert to emerging situations that may escalate and impact on our ability to maintain business continuity.

Closing our gender and ethnicity pay gaps

As at 30 June 2026, the TEC's overall gender pay gap (with men paid more than women) is 9.9%, down from 10.4% in 2024/25.

Women make up around 58.5% of mid- to senior-level positions, down from 60% last year. However, representation has improved in the top three leadership tiers, where women account for 45% (up from 38% last year) and men 55%.

We are unable to report gender and ethnicity pay gap information for Māori and Pacific employees. A reduction in Māori representation, while Pacific representation remained unchanged, resulted in both groups comprising fewer than 20 employees, which falls below the minimum threshold required for reporting.

The TEC continues to focus on improving the representation of:

- women in senior IT roles
- men in advisory and support roles
- Māori and Pacific peoples across the organisation.

During the year, we began integrating our Gender and Ethnicity Pay Gap Action Plan into a broader Diversity, Equity and Inclusion Integrated Plan. This will provide a more coordinated approach to addressing pay equity, representation, recruitment, career progression, leadership capability, cultural capability, and flexible work practices.

Measures and trend information

Gender pay gap

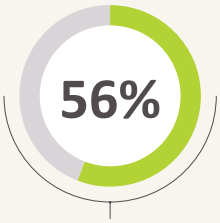
Measure	2025/26 Actual	2024/25 Actual	2023/24 Actual	2022/23 Actual	2021/22 Actual
Closing the gender pay gap	9.9%	10.4%	11.3%	10.7%	11.7%

Who we are

300 TOTAL STAFF

CONSISTING OF 296.0 FULL-TIME EQUIVALENT (FTE) STAFF

FEMALE



FEMALE

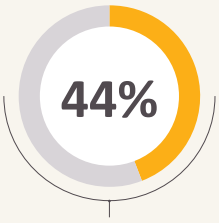
44 yrs

AVERAGE AGE



ACROSS ALL STAFF

MALE

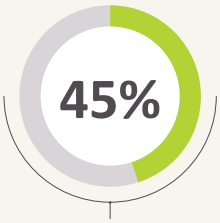


MALE

44 yrs

AVERAGE AGE

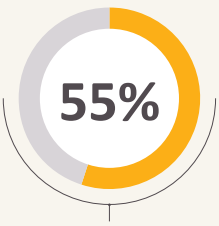
TIERS 1–3



FEMALE



TOTAL STAFF



MALE

LENGTH OF SERVICE

7.1 yrs

AVERAGE YEARS

FEMALE

6.6 yrs

AVERAGE ACROSS ALL STAFF

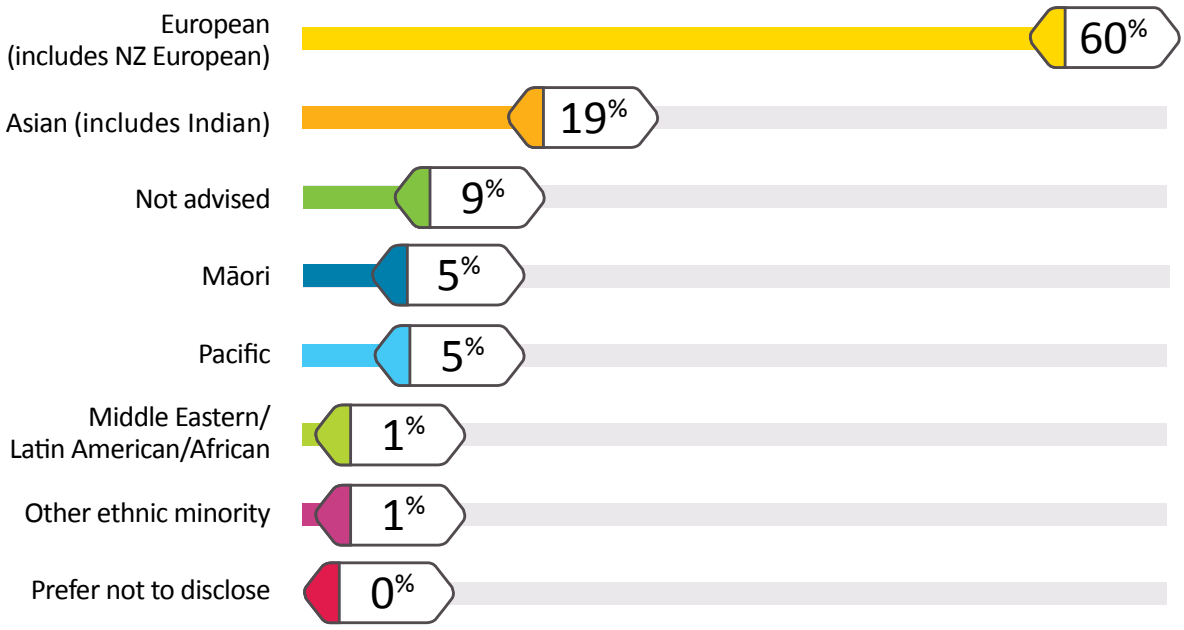
5.9 yrs

AVERAGE YEARS

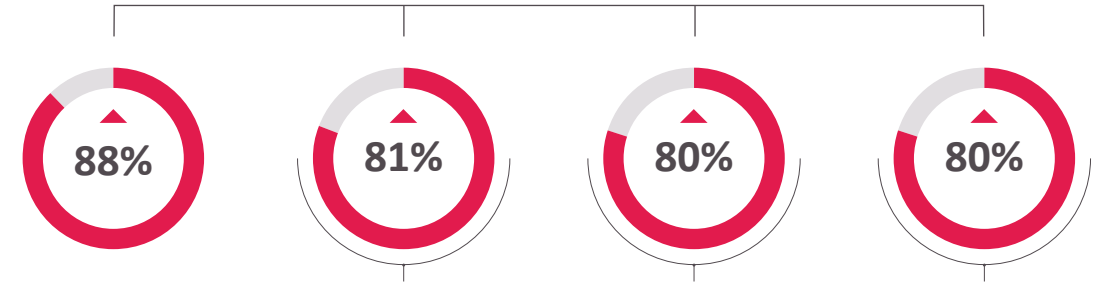
MALE

AS AT 30 JUNE 2026

Ethnicity across all staff



Our annual employee experience survey results



PARTICIPATION RATE

63.7%
STATE SECTOR AVERAGE

WELLBEING

TEC IS A GREAT PLACE TO WORK

I CLEARLY UNDERSTAND THE PURPOSE, VISION AND VALUES OF OUR ORGANISATION

AS AT 30 JUNE 2026

Contractors and consultants

As with most government agencies, contractors and consultants are sometimes required for specialist skills to support delivery of priority projects, or as a last resort to cover hard-to-fill vacancies. The TEC has continued to actively reduce contractor costs by recruiting fixed-term positions rather than using contractors and trying to engage contractors only for short periods where specialist skills are needed.

Data System Refresh

The TEC's Data System Refresh programme is now largely complete, with the new data collection system in place and remaining work focused on completing the modern data platform and improving business intelligence reporting in 2026.

The programme has replaced systems that were 15 to 20 years old and difficult to maintain, bringing several separate data collections into a single portal for tertiary education organisations to submit data, manage correspondence and access reporting. This gives the sector a simpler experience, reduces compliance effort, and provides the TEC with a more sustainable foundation for the data that supports its investment and monitoring activities.

Delivery has been iterative, with major releases supporting the Single Data Return, work-based training collections, Apprenticeship Boost and Final-year Fees Free, while reducing the change impact on the sector. The programme has also strengthened how we manage and use the data we collect. The modern data platform will make this information more accessible and usable for decision-making, including our annual investment of around $3.7 billion in tertiary education.

Throughout delivery, we have worked closely with tertiary education organisations, training and student management system vendors, the Ministry of Education and the New Zealand Qualifications Authority to ensure the refreshed system supports both our operational needs and the sector's use of data.

Our Carbon Neutral journey

The Government established its Carbon Neutral Government Programme to accelerate emissions reduction in the public sector.

We continue to reduce our carbon emissions. Air travel (both domestic and international) remained low as part of our commitment to promote online collaboration in place of travel. Commuting emissions reduced as fewer staff drove to work and more took public transport. Electricity emissions decreased because of lower electricity emission factors. Water emissions reduced in line with reduced staff.

This helped us reduce our emissions from last year and meet our overall 2030 gross emissions reduction target.

Description	Category	Scope	2018/19 (tCO2e)	2022/23 (tCO2e)	2023/24 (tCO2e)	2024/25 (tCO2e)	2025/26 (tCO2e)	Reduction (%)	2029/30 Target	2029/30 Target
TEC-owned vehicles	1	1	12	-	-	-	-			
Accommodation	3	3	11	5	5	5	4			
Domestic air travel	3	3	169	89	83	67	66			
International air travel	3	3	81	86	37	1	5			
Rental cars, taxis & mileage claims	3	3	16	12	10	9	11			
Business travel	**1&3**	**1&3**	**289**	**192**	**135**	**82**	**86**	**70%**	**42%**	**42%**
Commuting	3	3	153	86	103	142	124			
Working from home	3	3	-	21	15	20	13			
Commuting & working from home	**3**	**3**	**153**	**107**	**118**	**162**	**137**	**10%**	**42%**	**42%**
Electricity	2	2	55	48	28	32	27			
Transmission & distribution losses	4	3	6	4	2	2	2			
Electricity	**2&4**	**2&3**	**61**	**52**	**30**	**34**	**29**	**52%**	**42%**	**42%**
Fresh water	4	3	1	1	1	2	1			
Wastewater	4	3	14	18	17	16	14			
Water	**4**	**3**	**15**	**19**	**18**	**18**	**15**	**-%**	**42%**	**42%**
Total emissions (tCO2e)			**518**	**370**	**301**	**296**	**267**	**48%**	**42%**	**42%**
Full-time equivalent (FTE) staff			294.2	358.3	331.4	299.2	296.0			
Emissions (tCO2e) per FTE			1.8	1.0	0.9	1.0	0.9			

The emissions reported above were independently audited by Toitū.

Service critical assets

Cabinet requirement CO (23) 9 specifies that:

> Agencies must report on relevant asset performance indicators for service critical assets in their annual reports (paragraph 36).

We identified the following 16 assets from our asset register as being service critical assets (in alphabetical order):

Asset	Utilisation	Comment
Careers website A website providing information on career pathways, qualifications and training.	Asset operating to expectations.	Low level of investment. To be decommissioned during 2026. Being replaced by Tahatū Career Navigator, a modern, user-oriented platform that provides an improved experience and better supports New Zealanders to explore career and study pathways.
Data Centre The on-premises computing environment that hosts several of the TEC's core applications.	Asset operating to expectations.	In the process of migrating away from our on-premises computing environment to cloud. Plan to be completed by mid-2027.
Data Exchange Platform (DXP Ngā Kete) A single platform for collection and distribution (exchange) of tertiary education organisation data used in funding and monitoring tertiary education organisations.	Asset operating to expectations.	Core platform for our data collection systems.
Data Hub The central repository of TEC reference data that is used by multiple systems.	Asset operating to expectations.	The ageing system will be replaced by the modern data platform to provide a more sustainable, integrated and future-ready foundation for the TEC's data. Plan to be completed by mid-2027.
Data Warehouse A repository that stores the organisation's electronic data, in a way that supports our reporting and analysis requirements.	Asset operating to expectations, reaching end of life.	The ageing system will be replaced by the modern data platform to improve scalability, accessibility and support the TEC's future reporting, analysis and decision-making needs. Plan to be completed by mid-2027.
Industry Training Register An online data collection service that captures information about activity in the industry training sector in near real time.	Asset operating to expectations, reaching end of life.	Replaced by the Data Exchange Platform (DXP Ngā Kete) late 2025.
Inspiring the Future (website) A programme to connect children with volunteer role models from the world of work, to broaden career options and challenge stereotypes.	Asset operating to expectations.	Ongoing investment planned.
iPayroll A payroll system that enables the TEC to run each pay and manage leave, tax and employee records.	Asset operating to expectations.	Core platform for our payroll system SaaS product maintained by vendor.

Asset	Utilisation	Comment
LNAAT Literacy and Numeracy Adult Assessment Tool.	Asset operating to expectations, reaching end of life.	Have completed work to extend the life of asset until it is improved or replaced.
Ngā Kete A secure web portal or "doorway" into our information.	Asset operating to expectations, reaching end of life.	Replaced by DXP Ngā Kete during 2025.
Objective The TEC's electronic document and records management system.	Asset operating to expectations.	Has been replaced by a SharePoint solution as part of the TEC moving to more cost-effective Microsoft technologies. Asset to be decommissioned during 2026/27.
QlikSense A self-service data visualisation and discovery tool.	Asset operating to expectations.	Being replaced during late 2027 with Power BI as part of the TEC moving to more cost-effective Microsoft technologies.
SharePoint The TEC's new electronic document and records management system.	Asset operating to expectations.	Implemented early 2025.
Tahatū Career Navigator A website helping people discover career possibilities and how to reach their goals.	Asset operating to expectations.	New asset released in 2025. Ongoing investment planned.
TechnologyOne The TEC's enterprise financial platform supporting core finance, grants and assessment processes.	Asset operating to expectations.	SaaS product maintained by vendor.
TEC website The TEC's corporate website, focused on providing information to tertiary education organisations.	Asset operating to expectations.	Being continually refined. Ongoing investment planned.

The Tertiary Education Commission and Te Tiriti o Waitangi

Ko Te Amorangi Mātauranga Matua me Te Tiriti o Waitangi

The Tertiary Education Commission (the TEC) recognises and affirms our responsibility to give effect to Te Tiriti o Waitangi under the Education and Training Act 2020

We will give practical effect to Te Tiriti o Waitangi in our work across the tertiary education and careers system.

We acknowledge our responsibility to Te Tiriti o Waitangi in its entirety, including taking into account the interests of whānau, hapū, iwi and Māori.

We will support the Crown to meet its duties to actively protect the taonga of te reo Māori, mātauranga Māori and a strong wānanga system of tertiary educational delivery.

We will ensure that our work is consistent with Te Tiriti o Waitangi-related goals of the Education Work Programme, the Tertiary Education Strategy and Ka Hikitia.

We will give effect to the Crown's Third Article Te Tiriti obligations to ensure equitable outcomes for Māori as students and trainees. We will work to ensure that all Māori students and trainees receive what they need to be successful, through the intentional design and stewardship of the tertiary education system.

Part four:
Statement of performance

Wāhanga tuawhā:
Tauākī whakatutukitanga

This section contains the TEC's service performance information and is presented in accordance with PBE FRS 48: Service Performance Reporting. It includes information about the TEC's activities, performance measures, and the results achieved during the reporting period.

In 2025/26, we received over

$3·7 billion

to invest in and support the tertiary education and careers system

In this section we report on Vote Tertiary Education and Vote Education appropriations that we are responsible for reporting against as set out in the 2025/26 Estimates of Appropriations for Vote Education and Vote Tertiary Education.

The following figures are the appropriation revenue reported by the TEC (as per pages 88 to 91). This equals the Government's actual expenses incurred in relation to the appropriation.

We identify the measures that we are responsible for and those that we contribute to through our investment in the tertiary education sector.

- The measures that we are responsible for reflect our role in implementing policy.
- The measures that we contribute to focus on policy outcomes. The results of these measures are impacted by external factors including the economy, unemployment and labour participation rates.

These appropriations support the tertiary education and careers systems

$67.100 million
Administration of and Support for the Tertiary Education and Careers Systems

$2.087 million
Tertiary Education Commission – Final-year Fees Free

We use these appropriations to invest in tertiary education

$3,247.724 million
Tertiary Tuition and Training

$315.000 million
Tertiary Education Research and Research-Based Teaching

$49.800 million
Centres of Research Excellence

$34.658 million
Secondary Education

$25.000 million
Industry Standards-Setting Functions

$24.000 million
Support for Wānanga

$15.828 million
Tertiary Scholarships and Awards

$7.285 million
Tertiary Sector/Industry Collaboration Projects

$5.343 million
Fees-free Payments

$2.000 million
Re-establishing the New Vocational Education and Training Network

$0 million
Workforce Development Councils (Note 1)

Note 1 – The Workforce Development Councils returned all their unspent funding to the TEC, and this resulted in the TEC recording a nil net investment in WDCs in the 2025/26 financial year.

Disclosure of judgements

When reporting on our performance each year, we make decisions about what information to include, how to structure it, and how best to reflect what we have achieved. This section explains the key choices we made in preparing the performance information in this report, and how these choices align with accounting standards and government expectations.

How we meet service performance reporting standards

The Tertiary Education Commission (the TEC) is committed to meeting the requirements under the Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48).

This standard establishes requirements for all government agencies to include additional information when reporting service performance information. PBE FRS 48 sets out principles for the selection, measurement, aggregation and presentation of this service performance information.

Paragraph 29 of PBE FRS 48 states that an entity shall clearly identify the service performance information presented in accordance with the standard. Paragraph 15 (b) says that the service performance information shall provide users with information about what the entity has done during the reporting period in working towards its broader aims and objectives.

PBE FRS 48 requires an entity to present information that enables users to understand and assess an entity's service performance of the year.

Performance information presented under PBE FRS 48 in our annual reports details who we are, our statutory functions, and what we have achieved over the reporting period, as we work towards achieving our outcomes.

Our contextual information:

The sections in this annual report on who we are (page 9) and our statutory functions (page 10) set the scene for and are a part of our performance information.

How we present our performance information

We report performance information against:

- our Interim Statement of Intent 2025/26 (SOI)
- our Statement of Performance Expectations 2025/26 (SPE), and
- implementing the Government's priorities.

Copies of our interim SOI and SPE can be accessed on our website at tec.govt.nz/corporate-publications.

Progress against our interim SOI

What we want to achieve, and how we go about it, is included in "Part three: How we are delivering on our strategic intentions" (pages 22 to 51). Our strategic intentions describe the outcomes and intentions we seek to achieve for New Zealand. They also describe our core business activities and key project contributions that are required to progress our intentions.

Progress against our SPE

Performance information relating to funding received from the Government is set out against each appropriation that we are responsible for reporting against in "Part four: Statement of Performance" (pages 55 to 81). This section details performance measures results for the Vote Tertiary Education appropriations where we have responsibility for reporting performance. Financial performance information is detailed in "Part five: Financial statements" (pages 83 to 116).

Our SPE performance measures track progress towards achieving the intention of each appropriation, which is a sum of money authorised by Parliament for a particular use.

We use performance measures to demonstrate how we are delivering on that purpose. These measures are set out in our SPE 2025/26.

We have developed performance measures for each Vote Tertiary Education appropriation where the TEC has reporting responsibilities. The focus of each measure differs depending on whether it relates to operational appropriations or sector-facing appropriations:

- Our operational appropriations support the TEC's statutory role in overseeing and supporting the tertiary education and careers system. Measures under these appropriations assess how effectively we carry out this role, as set out in the Education and Training Act 2020.
- Our sector-facing appropriations support tertiary education providers and invest in a wide range of post-secondary education and training. Measures in this category focus on broader sector outcomes. While the TEC contributes to these outcomes through our investment and support activities, their achievement is also influenced by factors beyond the TEC's direct control.

New measures and retired measures are detailed and disclosed under each appropriation.

We have both financial year and calendar year performance measures. This is because the tertiary education organisations we fund operate on a calendar year and report student and trainee achievement results accordingly (1 January to 31 December). Table headings throughout the report make it clear which reporting period applies.

We regularly review and refine our performance measures to ensure they remain fit for purpose. Reassessing the effectiveness of our measures ensures they continue to be relevant and important to our performance reporting.

Progress towards achieving the Government's priorities

As a Crown agency, the TEC has a responsibility to demonstrate how we are responding to and progressing the Government's priorities for the tertiary education sector. Reporting on this work supports transparency, accountability and public confidence in how we deliver on Government priorities.

Our "Implementing the Government's priorities" section contains performance information relating to:

- Government and ministerial priorities (pages 14 to 18)
- significant Budget decisions (pages 14 to 18), and
- baseline savings (page 19).

The Letter of Expectations sets out the Minister's priorities and expectations for how the TEC will implement the Government's policies and priorities in its role as a Crown entity.

How we report on service critical assets

› Cabinet requirement CO (23) 9 Investment Management and Asset Performance in Departments and Other Entities sets out agency requirements regarding reporting on service critical assets. Agencies must identify their service critical assets and maintain details of the identity, condition and risk exposure of these assets in the agency's asset register (paragraph 34).

› Agencies must capture relevant indicators of past and projected asset performance (for example, asset utilisation, condition and fitness-for-purpose) for service critical assets. Agencies must use these indicators in internal management and decision-making processes (paragraph 35).

› Agencies must report on relevant asset performance indicators for service critical assets in their annual reports (paragraph 36).

We identified 16 assets from our asset register as being service critical assets. Performance information on our service critical assets is provided on pages 50 and 51.

How we have reflected new auditing standards

To comply with the New Zealand Auditing Standards 1 (revised), the auditor must confirm that information on measurement basis and evaluation methods for material performance measures is available.

When preparing our performance information, we focus on measurement methodology and, where necessary, have added in or updated information to ensure that it is easy for the reader to understand how the performance information has been measured.

The method of measurement can be:

› evident in the wording of the measure itself:

- Example: Number of learners participating in literacy and numeracy programmes

› detailed in an associated note:

- Example: The overall rating given by the responsible Minister on the TEC

  Note 1: The survey rating measures the responsible Minister's satisfaction with the quality of advice on a scale from 1 to 5 (1 never; 2 some of the time; 3 about half the time; 4 most of the time; 5 always)

› detailed in publicly available information and provided as links to websites:

- Example: Our qualification delivery performance measure information includes a link to the Educational Performance Indicators (EPIs) methodology information on our website: www.tec.govt.nz/funding/funding-and-performance/performance/teo/epi-reports.

Our operational appropriations enable us to support the tertiary education and careers system

We lead the Government's relationship with the tertiary education sector and provide career information for all New Zealanders. We are required by the Education and Training Act 2020 to give effect to the Tertiary Education Strategy through the investment process.

As part of this, we are responsible for:

- publishing guidance on the content and criteria for assessment of tertiary education organisations' (TEOs') Investment Plans, and
- determining and allocating the amount of funding to TEOs.

More information about Plan Guidance and the TEC's investment process can be found on the TEC website: https://www.tec.govt.nz/funding/applying-for-funding/developing-investment-plans/plan-guidance.

The TEC also has a role in building the capability of TEOs as part of giving effect to the Tertiary Education Strategy.

Financial year forecasts, targets and results are shown as 2023/24 and 2024/25, while 2025/26 calendar year forecasts, targets and results are shown as 2023, 2024 and 2025.

Vote Tertiary Education appropriations

Administration of and Support for the Tertiary Education and Careers Systems

This appropriation is intended to ensure New Zealand has effective and well managed tertiary education and careers systems.

See page 88 for financial information.

This appropriation links to these Tertiary Education Strategy 2025–2030 priorities			
Achievement	**Economic Impact and Innovation**	**Access and Participation**	**Integration and Collaboration**

The following measures are linked to our statutory functions (see page 10) as set out in the Education and Training Act 2020. We are responsible for the results of these measures.

Giving effect to the Tertiary Education Strategy by funding tertiary education organisations, growing their capability and monitoring their performance

Measure	2025/26 Target	2025/26 Actual	2024/25 Actual
Percentage of payments the TEC makes to tertiary education organisations that are made within agreed timeframes	At least 99.5%	99.98% (Note 1)	99.9%

Note 1 – The TEC made 29,730 out of 29,735 payments within agreed time frames.

Measure	2025 Target	2025 Actual	2024 Actual
Recovered funding: This measure relates to the TEC's investment function and focuses on the right amount of funds being allocated to the right areas. It enables us to see what is happening across the tertiary system and informs funding allocation decisions to minimise the need for funding recovery.			
Recovered funding as a percentage of total funding invested (Note 1)	1-3%	-0.27% (Note 2)	0.32%

Note 1 – Recovered funding is the net recovery to the TEC, whereby the net amount of funding paid to tertiary education organisations (TEOs) exceeds the value of funded provision delivered. This percentage is against the total final allocations (including all in-year amendments) of the TEOs.

Note 2 – The 2025 result is a negative percentage. This is due to large flexible funding payments for eligible over-delivery being made in 2025, which has meant that the net TEC recovery overall figure resulted in more payments for flexible funding being made to TEOs than recoveries received from TEOs. As we only received funding for 99% of forecasted demand, we made over delivery payments through flexible funding to eligible TEOs.

Narrative measure

Annual assessments are undertaken to understand the financial viability risk, for tertiary education organisations that receive over $50,000 in TEC funding, and Workforce Development Councils (WDCs).

The TEC monitors the financial viability of the organisations it funds. The outputs of the TEC's financial monitoring inform the TEC investment process, as well as, where appropriate, engagement and interventions to understand, monitor and respond to risks at both an organisation and system level. This work helps to ensure a financially resilient tertiary education sector and protects students' and trainees' interests.

What we want to achieve

All tertiary education organisations (receiving over $50,000 in TEC funding) and WDC are assessed at least once a year against the relevant financial monitoring framework or requirement.

What we achieved in 2025/26

To 30 June 2026, the TEC received and reviewed financial information from all tertiary education institutions (TEIs) and reviewed and supported the disestablishment activity of WDCs.

Of the 205 private training establishments (PTEs) with over $50,000 of funding, the TEC received and reviewed financial information from 201 PTEs, within two weeks of year end. There are four PTEs that have yet to make a submission, and their information is overdue.

Prior year information

To 30 June 2025, the TEC received and reviewed financial information from all WDCs and TEIs. Of the 204 PTEs with over $50,000 of funding in 2025, the TEC has received and reviewed financial information from 202 PTEs. Two PTEs have outstanding financial submissions, which were unable to assess at that time.

Disclosure: The monitoring advice measure has been retired as it is not as effective as a public measure of the TEC's performance, given that it relies on advice to which the public does not always have timely or full access to, when compared to the annual assessments measure above, which can be more clearly evidenced. The monitoring advice measure has been retired from our Statement of Performance Expectations but retained in the annual ministerial satisfaction survey as it is useful information for the TEC internally.

Narrative measure

Evidence that the Tertiary Education Commission's investment decisions give effect to Workforce Development Council advice.

This measure is intended to demonstrate that Workforce Development Council (WDC) advice on investment priorities informs TEC's investment. The TEC is also required to have regard for WDC advice when assessing Investment Plans and to give effect to WDC advice on the mix of vocational education and training.

What we want to achieve

The narrative in the TEC's Annual Report will provide information to demonstrate that:

(a) Plan Guidance reflects WDC national and regional advice, and

(b) targeted priorities committed to in Investment Plans reflect WDC national and regional priorities.

Plan Guidance describes the information that tertiary education organisations (TEOs) are expected to provide in their Investment Plans and explains how this information will be assessed.

TEO Investment Plans inform funding decisions. They include a TEO's mission and role, strategic intentions, the activities and programmes it will carry out and how performance will be measured.

What we achieved in 2025/26

WDCs submitted advice to the TEC in November 2025 on the mix of vocational education and training that investment should support in 2027. This advice was reviewed and collated to inform the investment priorities published in the TEC's Plan Guidance for Investment from 2027. In recognition of the maturity level of the advice function and the pressure on resources in WDCs for the rest of 2025, the TEC recommended that they draw on the 2026 investment advice, which was thorough and well informed.

Advice covering specific areas of regional and provision to change (increase/decrease) informed the targeted priorities in Plan Guidance to support investment decisions: https://www.tec.govt.nz/assets/Forms-templates-and-guides/Plan-guidance/2027/Plan-Guidance-2027.pdf.

These priorities formed part of the assessment criteria that the TEC used in 2026 to assess Investment Plans, new provider applications, and in-year additional funding for 2026.

Prior year information

The TEC used advice received from the WDCs in November 2024 on the mix of vocational education and training that investment form the criteria that the TEC used to assess and approve Investment Plans for investment in 2026.

New narrative measure

Tertiary education institutions (TEIs) show progress against their Learner Success Plans (LSPs) and Disability Action Plans (DAPs).

Learner Success is a key element to achieving greater education outcomes for students and trainees.

This measure is intended to capture the progress being made on LSPs and DAPs using narrative/qualitative information.

LSPs and DAPs require TEIs who receive $5 million or more in funding from the TEC to describe their actions and commitments to creating better outcomes for students and trainees most in need. LSPs and DAPs help inform the TEC's investment decisions.

What we want to achieve

We want to see TEIs make progress against their LSPs and DAPs to improve education outcomes for students and trainees. This includes what they have and have not achieved, lessons learnt, and subsequent changes they will make to their plans.

What we achieved 2025/26

All TEIs continue to focus on growing their learner success maturity, and we are satisfied that all are making progress.

Over 2025/26, the Leadership Teams of the newly established polytechnics have been revising their Learner Success and DAP-related activities further to the disestablishment of NZIST. Polytechnics' Investment Plans to be submitted in quarter 1 of 2026/7 are expected to summarise future activities to improve student and trainee outcomes.

For Universities and Wananga, LSP and DAP-related activities are summarised in annual Engagement Plans. This summary is a baseline which informs engagement with each TEI, and progress (and changes to activities) is documented in individual engagement report backs.

Prior year information

Not applicable as this is a new measure.

Disclosure: The measure relating to TEIs delivering on their milestones was retired and replaced by the new narrative measure above to enable a fuller performance story to be told about the progress TEIs are making towards improving learner success, through implementation of their LSPs.

2025/26 is the final year that learner success information will be provided through LSPs. From 2026/27 onwards TEIs have been asked to fully integrate learner success activities into their Investment Plans to show how they are working to improve educational outcomes for students and trainees.

Strengthening connections from education to employment

Inspiring the Future

Inspiring the Future is a programme to connect children with volunteer role models from the world of work, through fun and inspiring online or in-person events. It is designed to broaden career horizons by sharing relatable stories on career options and pathways. The programme is accessed via an online platform: www.inspiringthefuture.org.nz.

Measure	2025/26 Target	2025/26 Actual	2024/25 Actual
Number of completed events online and in person (Note 1)	570	591 (Note 2)	412

Note 1 – The figures in this table are cumulative (eg, the 591 completed events in 2025/26 include the 412 events completed up to the end of 2024/25).

Note 2 – We exceeded the target for 2025/26 of 570 Inspiring the Future events (since the programme began) by 21 events (104% of target). The spread of events throughout the year followed the same pattern as previous years with jumps in October/November and May/June; many schools schedule events in October/November for Year 7–10 students as there is more time with those students while senior students are completing exams, and we run many events in May/June due to the Tahatū Careers Expos.

Providing careers information and services

Tāhatū Career Navigator

Tahatū Career Navigator is the TEC's new careers platform at http://www.tahatu.govt.nz. It went live to all New Zealanders in September 2025 and replaced the TEC's careers.govt.nz website which was retired at the end of 2025. Tahatū Career Navigator connects school subjects, qualifications and jobs, helping people explore options and plan their way to a career.

New measure	2025/26 Target	2025/26 Actual	2024/25 Actual
New measure Percentage of account holders who agree that Tāhatū Career Navigator provides useful careers information and tools (Note 1)	New measure	73.49% Baseline year	Not applicable

Note 1 – An account holder is someone who has created a My Kete account in Tahatū and agreed to receive surveys. A Likert scale is used to measure people's attitudes toward usefulness by asking them to rate their level of agreement on a structured scale (1–5/strongly disagree to strongly agree).

Disclosure: The TEC's careers.govt.nz website and associated measure was retired at the end of 2025. This measure has been replaced through the Vote Tertiary Education Supplementary Estimates 2025/26 process with the new measure above, focused on our new careers website – Tahatū Career Navigator. The retired measure related to the usefulness of information on the old careers.govt.nz website.

Careers website satisfaction rating – trend information (no target set)

2025/26 satisfaction rating – Tahatū Career Navigator website

Measure (trend information only)		2025/26 Actual
Percentage of people seeking to make a learning or work decision that agree the information and tools provided by TEC assisted that decision (Note 1)	Learning decision	55.64% Baseline year
	Work decision	55.64% Baseline year

Note 1 – In 2025/26 most of the Tahatū Career Navigator survey respondents were secondary-school learners using the platform for early career and pathway exploration rather than making immediate learning or work decisions.

Providing advice to ministers

Measure	2025/26 Target	2025/26 Actual	2024/25 Actual
The satisfaction rating given by the responsible Minister on the TEC's advice related to the careers system (Note 1)	At least 3 out of 5 (Note 2)	3 out of 5	6 out of 10 (Note 2)
The overall satisfaction rating given by the Minister responsible on the Tertiary Education Commission (Note 1)	At least 3 out of 5 (Note 2)	4 out of 5	6 out of 10 (Note 2)
The satisfaction rating given by the Minister for Universities on the TEC's advice related to universities and wānanga (Note 1)	At least 3 out of 5	Unable to be measured (Note 3)	Not applicable

Note 1 – The survey rating measures the responsible Minister's satisfaction with the quality of advice on a scale from 1 to 5 (1 – never; 2 – some of the time; 3 – about half the time; 4 – most of the time; 5 – always).

Note 2 – From 2025/26 onwards, the Ministerial survey methodology changed from 1–10 to 1–5 to align with broader Department of Prime Minister and Cabinet direction. Consequently, the targets published in our SPE 2025/26 have been updated from 7 out of 10 to 3 out of 5 for each of these measures, to reflect the new methodology. The 2024/25 results were measured on the old 1–10 scale, and we received a rating of 6 out of 10 for each of these measures.

Note 3 – This measure was added as part of the Vote Tertiary Education Supplementary Estimates of Appropriations 2025/26, to enable us to measure and report on the then Minister for Universities rating of our advice relating to universities and wānanga. In April 2026, the role of Minister for Universities was disestablished. As there is no longer a Minister for Universities this measure cannot be included in the 2025/26 ministerial survey led by the Ministry for Education, which means that we are unable to obtain a result and report on this measure. However, as Minister Simmonds' new role is Minister for Tertiary Education, her rating of the TEC overall (see measure above) now includes universities and wānanga.

Disclosure: We have retained the key measures above and retired the measures described below, as they were not as relevant or effective as those above. We retired the measure relating to the number of school sign-ups. We also retired two of our survey-based measures as they were subjective and not strong performance measures from an accountability perspective. These related to usefulness of engagement with the TEC, and webinar attendees gaining knowledge relevant to their work.

Tertiary Education Commission – Final-year Fees Free

This appropriation is intended to enable the Tertiary Education Commission's role in implementing systems and processes to support the delivery of the final-year Fees Free scheme.

See page 89 for financial information.

This appropriation links to these Tertiary Education Strategy 2025–2030 priorities

Achievement

An exemption was granted as the appropriation is one from which resources will be provided to a person or entity other than a department, a functional chief executive, an Office of Parliament, or a Crown entity under s15D(2)(b)(ii) of the Public Finance Act 1989, as the amount of this appropriation for non departmental capital expenditure is less than $15 million.

Significant Budget decision
See pages 14–18

Disclosure: The Final-year Fees Free appropriation will cease at the end of 2026.

We invest in all forms of post-secondary-school education and training, and fund programmes that link schools with tertiary education

We invest in tertiary education so that New Zealanders are equipped with the knowledge and skills they need 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.

We contribute to, but do not control the results of the sector output measures we report on. The following sections show the measures we 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 2023/24 and 2024/25, while 2025/26 calendar-year forecasts, targets and results are shown as 2023, 2024 and 2025.

The TEC contributes to the results of the following measures through investment in the tertiary education sector.

Vote Tertiary Education appropriations

Centres of Research Excellence

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.

See pages 90–91 for financial information.

This appropriation links to these Tertiary Education Strategy 2025–2030 priorities

Economic Impact and Innovation		Integration and Collaboration

Measure	2025 Target	2025 Actual	2024 Actual
Total number of doctoral students aligned to the Centres of Research Excellence, completing qualifications during the current funding period (Note 1)	110 ±5%	219 (Note 2)	153

Note 1 – The current funding round runs from 1 July 2021 to 31 December 2028.

Note 2 – The number of doctoral students aligned to the Centres of Research Excellence (CoREs) that have completed their PhDs in 2025 has continued the rise of the previous two years and, at 219, is significantly above the target of 110 +/- 5%. The main reason for the rise is that this cohort of CoREs has been operating for four and a half years since starting in July 2021, and PhD students who enrolled in the first year or so are now graduating. Our target was overly pessimistic, giving too much weight to the significant delays in PhD enrolments caused by COVID-19. We can now expect a slight drop-off in completions to perhaps less than 200 as the students who enrolled in 2021–22 move on. The next peak in completions may be in 2028–29, associated with the new wave of PhD students working on projects that started at the mid-point of the 2021–28 CoREs funding cycle.

Fees-free Payments

This appropriation is intended to support participation and achievement in tertiary education by reducing the cost of study.

See pages 90–91 for financial information.

This appropriation links to these Tertiary Education Strategy2025–2030 priorities			
Achievement		**Access and Participation**	

Fees Free operated under a transition period in 2025, which allowed some learners who had already started using first-year Fees Free to access their remaining entitlement, up to 31 December 2025.

Measure (trend information only)	2025 Actual	2024 Actual
Average fees-free payments (including GST) received by first-year Fees Free learners (Note 1)	$1,974 (Note 1)	$6,706

Note 1 – This appropriation was reintroduced through Vote Tertiary Education Supplementary Estimates of Appropriations 2025/26. Consequently, it did not appear in our published Statement of Performance Expectations 2025/26.

Significant Budget decision See pages 14–18

Industry Standards-Setting Functions

This appropriation is intended to support the establishment of industry standard-setting organisations and the performance of their legislated functions.

See pages 90–91 for financial information.

This appropriation links to these Tertiary Education Strategy 2025–2030 priorities	
Economic Impact and Innovation	**Integration and Collaboration**

Industry Skills Boards (ISBs) are statutory standards-setting bodies, with majority industry governance. They are responsible for developing qualifications, endorsing programmes and moderating assessments over key industry sectors. They also have a workforce analysis function for their sectors, and provide investment advice to the TEC.

Measure	2025 Target	2025 Actual	2024 Actual
All Industry standards-setting organisations funded through this appropriation have approved and funded Operational Plans in place by 30 June each year (Notes 1 and 2)	Achieved	Achieved (Note 3)	Not applicable

Note 1 – Approved Operational Plans will set out how each industry standards-setting organisation plans to undertake standards-setting and quality assurance, strategic workforce analysis and planning, and advice and representation functions.

Note 2 – This measure tracks whether the ISBs have approved plans in place before the start of the next financial year.

Note 3 – The ISBs started operating on 1 January 2026, with six-month contracts. Their first Operational Plans, for their programmes of work in 2026/27, were approved by the TEC Board in May 2026.

Disclosure: ISBs were established from 1 January 2026. The reporting period for the ISBs was incorrectly shown in our Statement of Performance Expectations 2025/26 as calendar information when it should have been shown as financial year information.

Significant Budget decision See pages 14–18

Re-establishing the New Vocational Education and Training Network

This appropriation is intended to support new polytechnic entities to be solvent on establishment, support their short-term commitments, and support the transition of work-based training to Industry Skills Boards (ISBs).

See pages 90–91 for financial information.

This appropriation links to these Tertiary Education Strategy 2025–2030 priorities			
Achievement	**Economic Impact and Innovation**	**Access and Participation**	**Integration and Collaboration**

New narrative measure

Funding is allocated to support the establishment and short-term viability of polytechnics and the transition of work-based learning from the New Zealand Institute of Skills and Technology into Industry Skills Boards (ISBs) and subsequently providers

What we want to achieve

New polytechnics are solvent on establishment and supported in the transition of work-based training to ISBs.

What was achieved in 2025/26

A total of $2 million was paid to the New Zealand Institute of Skills and Technology and Open Polytechnic of New Zealand (OPNZ) to support the transfer of West Coast operations to OPNZ.

Prior year information

No prior year information is available as this appropriation was established as part of the Vote Tertiary Education Supplementary Estimates of Appropriations 2025/26 process and the funding is for one year only 2025/26.

Disclosure: This appropriation was established through Vote Tertiary Education Supplementary Estimates of Appropriations 2025/26. Consequently, it did not appear in our published Statement of Performance Expectations 2025/26.

Significant Budget decision See pages 14–18

Support for Wānanga

This appropriation is intended to support wānanga as a system of delivery, including supporting its critical role in protecting and revitalising te reo Māori and mātauranga Māori.

See pages 90–91 for financial information.

This appropriation links to these Tertiary Education Strategy 2025–2030 priorities			
Achievement	**Economic Impact and Innovation**	**Access and Participation**	**Integration and Collaboration**

Measure	2025 Target	2025 Actual	2024 Actual
Wānanga annual reports are reviewed and appropriate action is taken (see Note 1)	Achieved	Achieved (Note 2)	Achieved

Note 1 – Annual reports are reviewed against milestones and key performance indicators set in Investment Plans. Reviews look at progress on delivery towards policy objectives and long-term outcomes.

Note 2 – Annual reports reviewed with no follow-up action required.

Tertiary Education Research and Research-Based Teaching

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.

See pages 90–91 for financial information.

This appropriation links to these Tertiary Education Strategy 2025–2030 priorities			
	Economic Impact and Innovation		**Integration and Collaboration**

Performance-Based Research Fund (PBRF)

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.

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.

Measure	2025 Target	2025 Actual	2024 Actual
Postgraduate Research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions)	Previous year actual ±5%	4,270 (11.0% increase) (Note 1)	3,848 (0.1% decrease)
Percentage increase in amount of external research income for PBRF-eligible providers	3-5%	-6.48% (Note 2)	1.5%

Note 1 – The 11% increase in 2025 research degree completions (RDCs), compared to last year, reflects a significant increase in RDCs in the university sector.

Note 2 – The 2025 External Research Income result was well below the target, mainly due to a sharp reduction in the polytechnic subsector (46.5%) and a mild decrease in the university subsector (6.5%).

Tertiary Scholarships and Awards

This appropriation is intended to achieve access to wider educational opportunities for skilled New Zealanders to enhance their existing skills.

This appropriation links to these Tertiary Education Strategy 2025–2030 priorities			
Achievement		**Access and Participation**	

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, and
- Tertiary Teaching Awards.

An exemption was granted as the appropriation is one from which resources will be provided to a person or entity other than a department, a functional chief executive, an Office of Parliament, or a Crown entity under s15D(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 and Training Act 2020.

Tertiary Sector/Industry Collaboration Projects

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.

See pages 90–91 for financial information.

This appropriation links to these Tertiary Education Strategy 2025–2030 priorities			
	Economic Impact and Innovation		**Integration and Collaboration**

Māori and Pacific Trades Training

Measure	2025 Target	2025 Actual	2024 Actual
Percentage of learners per calendar year progressing from Māori and Pacific Trades Training to New Zealand apprenticeships and other industry training at Level 3 and above or further study at New Zealand Qualifications and Credentials Framework Level 4 and above	At least 40.9%	36.90% (Note 1)	41.3%

Note 1 – The high cost of living may have been a contributing factor to this result, particularly as those from under-served communities may have prioritised employment over further study. Higher levels of unemployment could also have been a factor, restricting learner pathways to apprentice-based programmes, which require the learner to be employed while studying.

Workforce Development Councils

This appropriation is intended to enable Workforce Development Councils (WDCs) to provide a clear industry and workplace voice into the vocational education and training system.

See pages 90–91 for financial information.

This appropriation links to these Tertiary Education Strategy 2025–2030 priorities

Economic Impact and Innovation	Integration and Collaboration

Measure	2025/26 Target	2025/26 Target	2024/25 Actual
All Workforce Development Councils have approved and funded Operational Plans in place by 30 June each year (Note 1)	Achieved	Achieved (Note 2)	Achieved

Note 1 – Approved Operational Plans set out how each WDC plans to undertake key functions, industry engagement and strategic planning.

Note 2 – WDCs ceased operation on 31 December 2025 and were replaced by Industry Skills Boards. WDC final Operational Plans, for the six months to 31 December 2025, were approved by the TEC Board in June 2025.

Tertiary Tuition and Training

See pages 90–91 for financial information.

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 with three categories:

- Access to and Success in Tertiary Education
- Foundation and Community Education
- Qualification Delivery.

This appropriation links to these Tertiary Education Strategy 2025–2030 priorities			
Achievement	**Economic Impact and Innovation**	**Access and Participation**	**Integration and Collaboration**

Overall measure

Course completion is the proportion of course enrolments ending in a given year that have been successfully completed.

Measure		2025 Target	2025 Actual	2024 Actual
Tertiary course completion rate	Course completion rate for provider-based learners	At least 83.8%	86.30% (Note 1)	84.9%
	Credit achievement rate for work-based learners	At least 77.4%	80.10% (Note 2)	78.4%

Note 1 – Course completion rates for provider-based learners continue to improve post the effects of COVID-19.

Note 2 – Credit achievement rates for work-based learners also continue to improve post the effects of COVID-19. The Apprenticeship Boost Initiative, which is funding that has been directed to employers to continue to support work-based learners to maintain and complete their credits, will also have contributed to credit achievement rate improvements over time.

Access to and Success in Tertiary Education

This category is intended to improve equity in access and success in tertiary education and training.

The intent of the two new measures below is to track the proportional movement in enrolments as an indicator of access to vocational education and training relating to learners with low prior achievement and Māori and Pacific learners (compared to the percentage of non-Māori, non-Pacific learners enrolled).

New measure		Mode of delivery	2025 Target	2025 Actual	2024 Actual
Percentage of learners with low prior achievement enrolled in Levels 3-7 of the following modes of delivery		Work-based	At least 44.1%	42.70% (Note 1)	44.0%
		Provider-based	At least 36.9%	35.10% (Note 1)	36.7%
Percentage of Māori and Pacific learners enrolled in Levels 3-7 of the following modes of delivery (compared to percentage of non-Māori, non-Pacific learners enrolled)	Māori	Work-based	At least 19.9%	19.90% (Note 2)	20.1%
		Provider-based	At least 28.5%	27.70% (Note 3)	27.0%
	Pacific	Work-based	At least 9.6%	9.60% (Note 2)	10.1%
		Provider-based	At least 11.1%	11.90% (Note 3)	11.4%
	Non-Māori non-Pacific	Work-based	At least 70.5%	71.60% (Note 2)	70.7%
		Provider-based	At least 60.4%	63.00% (Note 3)	64.0%

Note 1 – Education Counts data shows that NCEA Level 3 and above and University Entrance ratios have increased since 2022 (www.educationcounts.govt.nz), which will have decreased the proportion of low prior achievement learners entering the tertiary system in 2025, causing a slight reduction in the low prior achievement learner pool. This will have impacted the results for both work-based and provider-based enrolments for low prior achievement learners, resulting in work-based enrolments decreasing by 1.3 percentage points and provider-based enrolments by 1.6 percentage points compared to 2024 results.

Note 2 – All targets for work-based learners enrolments were met. Movement across Māori, Pacific, and non-Māori non-Pacific learners was less than 1% from prior years, with Māori and Pacific enrolments slightly decreasing and non-Māori non-Pacific enrolments slightly increasing.

Note 3 – 2025 enrolments (by domestic equivalent full-time students (EFTS)) across provider-based provision and all levels, has increased year-on-year since 2022. This growth in enrolments is higher for non-Māori non-Pacific learners than it is for Māori and Pacific learners. Pacific and non-Māori non-Pacific 2025 enrolment targets were met, and Māori learner enrolments were only 0.8 of a percentage point lower than the target.

Māori learners may have been disproportionally impacted by negative factors that reduce study likeliness and duration, including rising inflation and cost of living which put financial pressure on learners and their families in vulnerable communities.

Disclosure: The measure relating to Māori and Pacific learners enrolled in work-based delivery has been retired and replaced with the two new measures above. The measure relating to accelerating learner success initiatives has been retired as no new funding has been allocated to that fund in 2025/26 or future years.

Foundation and Community Education

Significant Budget decision
See pages 14–18

This category is intended to achieve improvement in foundational skills for learners by funding education and training programmes.

Literacy and numeracy – new measure

Programmes that support adults to develop the literacy and numeracy skills they need to succeed in work, further study and life.

Measure	2025 Target	2025 Actual	2024 Actual
Number of learners participating in literacy and numeracy programmes (Note 1)	At least 13,520	12,928 (Note 2)	13,489

Adult and Community Education in communities

Informal community-based education.

Measure	2025 Target	2025 Actual	2024 Actual
Number of Adult and Community Education learner hours	At least 1,066,895	1,062,505 (Note3)	1,069,584

Youth Guarantee

Fees-free tertiary study at Levels 1–3 to enable young people to progress to higher-level education or employment.

Significant Budget decision
See pages 14–18

Measure	2025 Target	2025 Actual	2024 Actual
Percentage of Youth Guarantee learners completing qualifications at Levels 2 or 3	At least 64.7%	70.20% (Note 4)	65.10%

Gateway

Enabling secondary state, state-integrated and charter schools to give senior learners opportunities to access quality, structured workplace learning that is integrated with school-based learning.

Measure	2025 Target	2025 Actual	2024 Actual
Total participants and number of schools	At least 15,649 in 380 schools	15,828 in 380 (Note 5)	15,679 in 380 schools

Note 1 – This new, high-level measure reflects the overall number of learners receiving any form of literacy or numeracy training. It will track the overall number of learners participating in the following three literacy and numeracy programmes: Intensive Literacy and Numeracy; Workplace Literacy and Numeracy – TEO-Led; and the English Language Teaching Fund.

Note 2 – The target has not been met, largely due to a decrease of 615 learners participating under the TEO-Led Workplace Literacy Fund from 2024 to 2025. Although the total number of learners participating has decreased, the average number of hours delivered per learner has slightly increased. This is likely due to TEOs not taking on as many learners who were unable to commit to the recommended intensity of delivery.

Note 3 – The impact of increased cost-of-living pressures may have resulted in learners prioritising paid employment opportunities over additional or informal education. ACE in Communities delivery is expected to stabilise after consistent growth in recent years as the amount of money available to support ACE provision is maximised.

Note 4 – Completion rates rose between 2024 and 2025 due to the sector's continued efforts to focus on learner success and the introduction of the Wellbeing and Pathway Support funding in 2023. The Wellbeing and Pathway Support subsidy was established in 2023 to fund a range of services tailored to the needs of individual learners, eg, career planning and counselling. From 2024, we are seeing the results of this funding being utilised to provide wrap-around support for learners, resulting in increased qualification completions.

Note 5 – The increase in the number of Gateway learners is likely the result of a concerted effort by the TEC to engage with schools who were consistently under-delivering or not delivering at all, to right size their allocation. This allowed the TEC to reinvest the unutilised funding into high-performing schools who were then able to increase their placement delivery.

Disclosure: The new literacy and numeracy measure above replaces the three literacy and numeracy measures relating to hours of learning accessed in each individual literacy and numeracy programme. It provides one overall, more relevant literacy and numeracy measure relating to learner participation.

Qualification Delivery

Significant Budget decision
See pages 14–18

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

Education Performance Indicators (EPIs) methodology information is on our website: www.tec.govt.nz/funding/funding-and-performance/performance/teo/epi-reports.

Māori and Pacific learners

Our performance information includes measures that track the shifts in achievement patterns of Māori and Pacific learners relative to non-Māori non-Pacific learners. We want achievement patterns for Māori and Pacific learners to be the same as other learners in the tertiary system.

Many factors can impact parity measure results, including cost-of-living issues putting pressure on learners to go into employment instead of continuing to study, as learners may have prioritised supporting their families and communities over their learning commitments. Ongoing efforts to strengthen learner success and provide targeted support for under-served groups should lead to the achievement gap decreasing over time.

Provider-based learning

Qualification completion rate is the proportion of students in a starting cohort who go on to complete qualifications at the same level at the same tertiary education organisation.

All learners

Measure	Group	2025 Target	2025 Actual	2024 Actual
Percentage of funded students completing qualifications				
All learners	Levels 4-7 non-degree	At least 55.3%	56.3% (Note 1)	55.8%
	Level 7 degree and above	At least 63.1%	62.1% (Note 2)	63.3%
		Achievement gap		
		2025 Target	**2025 Actual**	**2024 Actual**
Māori learners (relative to non-Māori and non-Pacific learners) (Note 3)	Levels 4-7 non-degree	No more than -2.4 percentage points	-4.4 percentage points (Note 4)	-2.4 percentage points
	Level 7 degree and above	No more than -14.1 percentage points	-14.2 percentage points (Note 5)	-14.1 percentage points
Pacific learners (relative to non-Māori and non-Pacific learners) (Note 6)	Levels 4-7 non-degree	No more than -7.2 percentage points	-7.5 percentage points (Note 7)	-7.4 percentage points
	Level 7 degree and above	No more than -17.9 percentage points	-17.9 percentage points (Note 8)	-18.1 percentage points

Note 1 – The target was met and the qualification completion rate increased slightly compared to the previous year. While Vocational Education and Training (VET) work-based learning and qualification completions have fallen with the recent slumped economic conditions, overall qualification completions in VET provider-based provision are the highest they have been in recent years.

Note 2 – The target was not met, with a slight reduction on the prior year. Learners completing qualifications at Level 7 degree and above in 2025 began their studies in 2020. At this time COVID-19 began to impact society, restrictions were put in place, and the cost of living was increasing, all of which will have contributed to the decrease in the completion rate compared to last year.

Note 3 – The achievement gap measures the percentage point difference between the percentage achieved by Māori learners compared to the percentage achieved by non-Māori non-Pacific learners.

Note 4 – Qualification completion rates at Levels 4–7 non-degree improved for non-Māori non-Pacific learners, whereas Māori learners saw a decline, which resulted in a widening of the achievement gap. Factors impacting the result for this cohort of learners (beginning in 2022) included COVID-19, changes in VET provision, and cost-of-living pressures.

Note 5 – The variance to target and last year's result was the same and was very small (just 0.1 of a percentage point). Learners completing qualifications at Level 7 degree and above in 2025 began their studies in 2020 and may have been affected by COVID-19 and cost-of-living pressures.

Note 6 – The achievement gap measures the percentage point difference between the percentage achieved by Pacific learners compared to the percentage achieved by non-Māori non-Pacific learners.

Note 7 – The target was not met by 0.3 of a percentage point. Qualification completion rates at Levels 4–7 non-degree improved for non-Māori non-Pacific learners, whereas Pacific learners saw a small decline, which resulted in the slight increase of the achievement gap.

Note 8 – The target was met and the achievement gap decreased slightly compared to the previous year (0.2 of a percentage point).

Disclosure: The course completion, progression and retention measures have been retired as they are not key to telling the performance story for this qualification delivery category. The qualification measure above is retained as our key performance measure.

Work-based learning

Measure	2025 Target	2025 Actual	2024 Actual
Percentage of learners completing programmes			
All learners	At least 56.9%	54.0% (Note 1)	56.9%
Industry Trainees	At least 61.6%	64.9% (Note 2)	61.6%
Apprentices	At least 43.9%	38.3% (Note 3)	43.9%
	Achievement gap		
	2025 Target	2025 Actual	2024 Actual
Māori learners (relative to non-Māori and non-Pacific learners) (Note 4)	No more than -6.9 percentage points	-6.4 percentage points (Note 5)	-3.9 percentage points
Pacific learners (relative to non-Māori and non-Pacific learners) (Note 6)	No more than -4.0 percentage points	-4.9 percentage points (Note 7)	-6.8 percentage points

Significant Budget decision
See pages 14–18

Note 1 – Programme completion rates are a lag measure, with either a six-year lag for apprentice, or four-year lag for trainee programmes. The decrease in all learners' programme completion rate (2.9 percentage points less compared to the 2024 rate) reflects the large decrease in Apprentices completing programmes in 2025 (a 5.9 percentage point decrease compared to 2024 – see Note 3 below for details).

Note 2 – The TEC has continued to ensure the sector, including work-based providers, focuses its attention on improving outcomes for all learners. Learner Success and Disability Action Plans have been received for all large work-based providers. The TEC engages regularly with all work-based providers on their educational performance and outcomes for learners. Progress against planned initiatives may have contributed to the increased Industry Trainee completion rates.

Note 3 – Apprentices completing programmes in 2025 began their apprenticeships in 2020, when COVID-19 began to impact society. The 2025 Apprenticeship completion rate would have been impacted by COVID-19 restrictions and cost of living pressures.

Note 4 – The achievement gap measures the percentage point difference between the percentage achieved by Māori learners and the percentage achieved by non-Māori non-Pacific learners.

Note 5 – The Māori parity target of "no more than -6.9 percentage points" was achieved. However, it has not improved compared to prior years. The proportion of Māori learners, compared to Pacific learners, was greater in 2020 where Apprenticeship learners were greatly impacted by COVID-19 restrictions.

Note 6 – The achievement gap measures the percentage point difference between the percentage achieved by Pacific learners compared to the percentage achieved by non-Māori non-Pacific learners.

Note 7 – Pacific parity has improved compared to 2024, decreasing from -6.8 percentage points to -4.9, despite not achieving the target of "No more than -4.0 percentage points". This movement is in the right direction and could reflect the Learner Success and Disability Action Plans implemented by large work-based providers.

Disclosure: Vote Tertiary Education appropriations disestablished and associated measures retired

Funding for the **Vocational Education Data System** appropriation has ended, and the associated measure was retired, as the appropriation funding ceased at the end of June 2025.

Funding for the **Strategic Support for National and Regional Priorities** ended on 31 December 2025, and the associated measures relating to strategic-component-funded organisations and regional and national priorities were retired.

Vote Education appropriation

Significant Budget decision
See pages 14–18

Primary and Secondary Education multi-category appropriation

Secondary Education

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.

Part five:
Financial statements

Wāhanga rima:
Tauākī pūtea

Statement of comprehensive revenue and expense

For the year ended 30 June

	Notes	2026 Actual $000	2026 Budget $000	2025 Actual $000
REVENUE				
Grants revenue:				
Vote Education/Tertiary Education – Ministry of Education (MoE)	1	3,722,453	3,715,515	3,826,188
Prior year recoveries – net		13	120	167
Total grants revenue		**3,722,466**	**3,715,635**	**3,826,355**
Operating revenue:				
Vote Tertiary Education – MoE	1	66,991	66,806	69,411
Contract – Pre-purchased English Language Tuition	1	432	279	397
Other revenue		1,733	1,481	2,982
Total operating revenue		**69,156**	**68,566**	**72,790**
Finance revenue:				
Interest – grants	1	1,011	1,863	2,667
Interest – operating	1	1,614	2,352	2,362
Total finance revenue		**2,625**	**4,215**	**5,029**
Total revenue		**3,794,247**	**3,788,416**	**3,904,174**
EXPENSE				
Grants expense:				
Grants expense		3,682,093	3,715,015	3,843,497
Bad debts and movement in allowance for credit losses	2	360	500	(7,585)
Total grants expense	2	**3,682,453**	**3,715,515**	**3,835,912**
Operating expense:				
Personnel costs	5	44,125	45,581	44,347
Amortisation and impairments	8	5,970	6,391	6,012
Depreciation	9	1,018	1,168	1,174
Other expenses	6	22,188	23,446	22,510
Total operating expense		**73,301**	**76,586**	**74,043**
Total expense		**3,755,754**	**3,792,101**	**3,909,955**
SURPLUS/(DEFICIT)				
Grants surplus/(deficit)		41,024	1,983	(6,890)
Operating surplus/(deficit)		(2,531)	(5,668)	1,109
Total comprehensive revenue and expense		**38,493**	**(3,685)**	**(5,781)**

Explanations of major variances against budget are provided in Note 19.

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June

	Notes	2026 Actual $000	2026 Budget $000	2025 Actual $000
CURRENT ASSETS				
Receivables	4,16	761,066	653,480	664,452
Cash and cash equivalents	7,16	74,911	89,781	138,989
Prepayments		1,745	1,020	1,583
Total current assets		**837,722**	**744,281**	**805,024**
NON-CURRENT ASSETS				
Intangible assets	8	30,391	29,720	33,463
Property, plant and equipment	9	1,040	1,304	2,026
Total non-current assets		**31,431**	**31,024**	**35,489**
Total assets		**869,153**	**775,305**	**840,513**
CURRENT LIABILITIES				
Payables	3,16	699,629	661,427	695,083
Pre-purchased English Language Tuition – fees in advance	11	15,828	14,000	14,046
Repayment of grants funding – MoE	13	4,503	1,863	19,623
Employee entitlements	10	2,612	2,883	3,823
GST payable		4,242	3,296	4,038
Provision for lease	12	-	611	472
Total current liabilities		**726,814**	**684,080**	**737,085**
NON-CURRENT LIABILITIES				
Payables	3,16	-	138	139
Provision for lease	12	161	19	632
Employee entitlements	10	409	714	457
Total non-current liabilities		**570**	**871**	**1,228**
Total liabilities		**727,384**	**684,951**	**738,313**
Net assets		**141,769**	**90,354**	**102,200**
EQUITY				
General funds	14	141,769	90,354	102,200
Total equity		**141,769**	**90,354**	**102,200**

Explanations of major variances against budget are provided in Note 19.

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June

	Notes	2026 Actual $000	2026 Budget $000	2025 Actual $000
EQUITY				
Balance at 1 July		102,200	93,815	164,391
Total comprehensive revenue and expense for the year		38,493	(3,685)	(5,781)
Repayment of grants interest – MoE	13	(1,011)	(1,863)	(2,667)
Crown capital contributions – MoE		2,087	2,087	8,257
Capital withdrawal – non-cash – MoE	14	-	-	(62,000)
Balance at 30 June	**14**	**141,769**	**90,354**	**102,200**

Explanations of major variances against budget are provided in Note 19.

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June

	Notes	2026 Actual $000	2026 Budget $000	2025 Actual $000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Grants – MoE		3,636,159	3,719,323	3,703,696
Grants – prior year recoveries		-	120	-
Grants – Pre-purchased English Language Tuition		5,952	3,930	6,154
Operating – MoE		66,991	66,806	69,411
Operating – Pre-purchased English Language Tuition		594	272	615
Operating – other		1,401	476	2,838
		3,711,097	**3,790,927**	**3,782,714**
Cash was applied to:				
Grants payments		(3,668,027)	(3,716,923)	(3,655,940)
Payments to employees		(45,526)	(45,358)	(44,595)
Other operating payments		(24,121)	(23,995)	(21,639)
GST – net		(8,522)	219	6,549
		(3,746,196)	**(3,786,057)**	**(3,715,625)**
Net cash flows from operating activities		**(35,099)**	**4,870**	**67,089**
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Interest – grants		1,011	1,863	2,667
Interest – operating		1,636	2,352	2,387
Sale of property, plant and equipment		6	-	-
		2,653	**4,215**	**5,054**
Cash was applied to:				
Purchase of intangible assets		(3,328)	(1,823)	(10,441)
Purchase of property, plant and equipment		(62)	(500)	(200)
		(3,390)	**(2,323)**	**(10,641)**
Net cash flows from investing activities		**(737)**	**1,892**	**(5,587)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Crown capital contributions – MoE		2,087	2,087	8,257
Cash was applied to:				
Repayment of grants funding – MoE		(30,329)	(10,878)	(5,320)
Net cash flows from financing activities		**(28,242)**	**(8,791)**	**2,937**
Net increase/(decrease) in cash and cash equivalents		(64,078)	(2,029)	64,439
Cash and cash equivalents at 1 July		138,989	91,810	74,550
Cash and cash equivalents at 30 June	**7**	**74,911**	**89,781**	**138,989**

Statement of cash flows (continued)

For the year ended 30 June

	Notes	2026 Actual $000	2026 Budget $000	2025 Actual $000
Total comprehensive revenue and expense		**38,493**	**(3,685)**	**(5,781)**
Add non-cash items				
Depreciation, amortisation and impairments		6,988	7,559	7,186
Loss/(gain) on disposal of intangible assets and property, plant and equipment		24	-	18
Capital withdrawal – non-cash – MoE		-	-	(62,000)
Total non-cash items		**7,012**	**7,559**	**(54,796)**
Deduct interest – operating classified as investing activities		**(1,636)**	**(2,352)**	**(2,387)**
Deduct interest – grants classified as investing activities		**(1,011)**	**(1,863)**	**(2,667)**
Add/(less) operating movements in statement of financial position items				
(Increase)/decrease in receivables		(96,614)	9,810	(65,031)
(Increase)/decrease in prepayments		(162)	(20)	(131)
Increase/(decrease) in GST payable		204	219	(2,453)
Increase/(decrease) in employee entitlements		(1,259)	229	(178)
Increase/(decrease) in payables and provisions		3,893	(4,950)	181,346
Increase/(decrease) in Pre-purchased English Language Tuition – fees in advance		1,782	(77)	2,402
Increase/(decrease) in repayment of grants funding – MoE		14,199	-	16,765
Total movements in statement of financial position items		**(77,957)**	**5,211**	**132,720**
Net cash flows from operating activities		**(35,099)**	**4,870**	**67,089**

Explanations of major variances against budget are provided in Note 19.

The accompanying notes form part of these financial statements.

Operational revenue from the Crown and expense

For the year ended 30 June

	2026 Actual $000	2026 Budget $000	2026 Supplementary Estimates $000	2025 Actual $000
REVENUE				
Vote Tertiary Education:				
Non-Departmental Output Expenses				
Administration of and Support for the Tertiary Education and Careers Systems				
Tertiary Education Commission	66,991	66,806	66,991	69,411
Māori Education Trust (MoE administered)	109	109	109	109
Additional revenue – Tertiary Education Commission				
Contract – Pre-purchased English Language Tuition	432	279	279	397
Interest	1,614	2,352	2,352	2,362
Other revenue	1,733	1,481	1,481	2,982
Total revenue	**70,879**	**71,027**	**71,212**	**75,261**
EXPENSE				
Administration of and Support for the Tertiary Education and Careers Systems				
Tertiary Education Commission	73,301	76,586	76,771	74,043
Māori Education Trust (MoE administered)	109	109	109	109
Total expense	**73,410**	**76,695**	**76,880**	**74,152**
Operating surplus/(deficit)	**(2,531)**	**(5,668)**	**(5,668)**	**1,109**

Expenses were $3.3 million less than budget mainly due to:

- a reduction in the Data System Refresh and Fees Free operating budgets (fiscally neutral as transferred to capital) and delays in the capital project resulting in a reduction in depreciation
- savings in personnel costs across the year due to vacancies, and
- reversal of an onerous lease provision due to releasing Level 2, 44 The Terrace, early as part of lease negotiations.

Operating Crown capital contributions and expense

For the year ended 30 June

	2026 Actual $000	2026 Budget $000	2026 Supplementary Estimates $000	2025 Actual $000
CAPITAL CONTRIBUTION				
Vote Tertiary Education:				
Non-Departmental Capital Expenditure				
Vocational Educational Data System	-	-	-	5,000
Tertiary Education Commission – Final-year Fees Free	2,087	2,087	2,087	3,257
Total capital contribution	**2,087**	**2,087**	**2,087**	**8,257**
EXPENSE				
Vocational Educational Data System	-	-	-	3,081
Tertiary Education Commission – Final-year Fees Free	1,618	1,525	1,525	3,726
Total expense	**1,618**	**1,525**	**1,525**	**6,807**
Under/(over) spend	**469**	**562**	**562**	**1,450**

The Vocational Education Data System appropriation ran from 2021/22 to 2024/25 and totalled $13.85 million. Any timing differences between the Crown capital contribution received and expenditure incurred were funded from our balance sheet.

The Tertiary Education Commission – Final-year Fees Free appropriation ran from 2024/25 to 2025/26 and totalled $5.344 million. Any timing differences between the Crown capital contribution received and expenditure incurred were funded from our balance sheet.

Grants revenue from the Crown and Grants expenses

For the year ended 30 June

	2026 Actual $000	2026 Budget $000	2026 Supplementary Estimates $000	2025 Actual $000
REVENUE				
Vote Tertiary Education:				
Non-Departmental Output Expenses				
Centres of Research Excellence	49,800	49,800	49,800	49,800
Industry Standards-Setting Functions	25,000	25,000	25,000	-
Re-establishing the New Vocational Education and Training Network (TEC administered)	-	-	12,000	-
Re-establishing the New Vocational Education and Training Network (MoE administered)	2,000	-	2,000	-
Strategic Support for National and Regional Priorities	-	-	-	38,619
Support for Wānanga	24,000	24,000	24,000	24,000
Tertiary Education Research and Research-Based Teaching	315,000	315,000	315,000	315,000
Tertiary Sector / Industry Collaboration Projects	7,285	8,937	8,937	13,258
Workforce Development Councils	-	15,000	943	65,000
Multi-Category Expenses and Capital Expenditure				
Tertiary Tuition and Training multi-category appropriation (MCA)				
Access to and Success in Tertiary Education	100,507	97,398	94,148	99,352
Foundation and Community Education	302,867	321,996	329,811	312,043
Qualification Delivery (TEC administered)	2,844,055	2,808,930	2,886,460	2,711,211
Qualification Delivery (MoE administered)	295	300	300	215
Benefits or Related Expenses				
Tertiary Scholarships and Awards (TEC administered)	13,938	14,804	14,604	14,952
Tertiary Scholarships and Awards (MoE administered)	1,890	2,138	2,138	5,606
Non-Departmental Other Expenses				
Fees-free Payments	5,343	-	6,169	148,830
Vote Education:				
Multi-Category Expenses and Capital Expenditure				
Primary and Secondary Education MCA				
Secondary Education	34,658	34,650	34,735	34,123
Total revenue	**3,726,638**	**3,717,953**	**3,806,045**	**3,832,009**

This table shows the total appropriation revenue. The grants revenue above differs from the amount shown on the statement of comprehensive revenue and expenses by $4.185 million. This difference relates to the three MoE administered funds above.

Grants revenue from the Crown and Grants expenses (continued)

For the year ended 30 June

	2026 Actual $000	2026 Budget $000	2026 Supplementary Estimates $000	2025 Actual $000
EXPENSE				
Vote Tertiary Education:				
Non-Departmental Output Expenses				
Centres of Research Excellence	49,800	49,800	49,800	49,800
Industry Standards-Setting Functions	25,000	25,000	25,000	-
Re-establishing the New Vocational Education and Training Network (TEC administered)	-	-	12,000	-
Re-establishing the New Vocational Education and Training Network (MoE administered)	2,000	-	2,000	-
Strategic Support for National and Regional Priorities	-	-	-	38,619
Support for Wānanga	24,000	24,000	24,000	24,000
Tertiary Education Research and Research-Based Teaching	315,000	315,000	315,000	315,000
Tertiary Sector / Industry Collaboration Projects	7,285	8,937	8,937	7,008
Workforce Development Councils	-	15,000	943	65,000
Multi-Category Expenses and Capital Expenditure				
Tertiary Tuition and Training multi-category appropriation (MCA)				
Access to and Success in Tertiary Education	100,507	97,398	94,148	98,099
Foundation and Community Education	302,867	321,996	329,811	322,862
Qualification Delivery (TEC administered)	2,804,055	2,808,930	2,886,460	2,717,619
Qualification Delivery (MoE administered)	295	300	300	215
Benefits or Related Expenses				
Tertiary Scholarships and Awards (TEC administered)	13,938	14,804	14,604	14,952
Tertiary Scholarships and Awards (MoE administered)	1,890	2,138	2,138	5,606
Non-Departmental Other Expenses				
Fees-free Payments	5,343	-	6,169	148,830
Vote Education:				
Multi-Category Expenses and Capital Expenditure				
Primary and Secondary Education MCA				
Secondary Education	34,658	34,650	34,735	34,123
Total expense	**3,686,638**	**3,717,953**	**3,806,045**	**3,841,733**
Grants appropriations surplus/(deficit)	**40,000**	**-**	**-**	**(9,724)**
TEC administered appropriation revenue	3,722,453	3,715,515	3,801,607	3,826,188
Interest	1,011	1,863	1,863	2,667
Prior year items	13	120	120	167
Total TEC revenue	**3,723,477**	**3,717,498**	**3,803,590**	**3,829,022**
Total TEC administered grants expenses	**3,682,453**	**3,715,515**	**3,801,607**	**3,835,912**
TEC grants surplus/(deficit)	**41,024**	**1,983**	**1,983**	**(6,890)**

This table shows the total appropriation expenditure. The grants expenses above differs from the amount shown on the statement of comprehensive revenue and expenses by $4.185 million. This difference relates to the three MoE administered funds above.

Grants revenue was $7 million greater than budget, owing to the drawdown of $40 million of funding to the Balance Sheet Funding Mechanism and the transfer of $5 million of Fees-free Payments funding from the previous year. This is partially offset by underspends of $15 million following the ending of the Workforce Development Councils in December 2025, and $19 million in Foundation and Community Education due to lower demand. Grants expenditure was $33 million less than budget mainly following the ending of the Workforce Development Councils in December 2025 by $15 million, and lower demand in Foundation and Community Education by $19 million.

Fees-free Payments is $143 million less than last year following the Government's decision to end the scheme. Residual entitlements of $5 million were incurred 2025/26.

Notes to the financial statements

1. Statement of accounting policies

Reporting entity

We are a Crown entity as defined by the Crown Entities Act 2004, established on 1 January 2003 under section 159C of the Education Act 1989 (now section 401 of the Education and Training Act 2020). We are based in New Zealand and our ultimate parent is the Government.

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 for financial reporting purposes.

Our financial statements are for the year ended 30 June 2026 and were approved by our Board of Commissioners on 30 October 2026.

Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the Education and Training Act 2020 and Crown Entities Act 2004, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

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

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

Presentation currency and rounding

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

Standards issued and effective

There are no new standards issued and effective that we have adopted.

Standards issued and not yet effective and not early adopted

There are no new standards and amendments, issued but not yet effective, that we have early adopted and are relevant to us.

Summary of significant accounting policies

Significant accounting policies are included in the related notes.

Significant accounting policies that do not relate to a specific note are outlined below.

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 us meeting our performance measures as specified in the Statement of Intent 2022/23 – 2025/26 and Statement of Performance Expectations 2025/26. 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 revenue – Pre-purchased English Language Tuition (PELT)

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% 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 – grants

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

Interest – operating

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

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.

Budget figures

The budget figures are derived from the Statement of Performance Expectations 2025/26 as approved by the Board of Commissioners at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with these financial statements.

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 next financial year are:

- useful lives of intangible assets – refer to Note 8
- useful lives of property, plant and equipment – refer to Note 9
- estimates and assumptions around retirement and long service leave – refer to Note 10.

Critical judgements in applying accounting policies

Management has exercised critical judgement in applying the leases classification accounting policy – refer to Note 6.

Comparative information

When presentation or classification is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

2. Grants expense relating to tertiary education institutions

Accounting policy

Grants expenditure relates to payments to tertiary education organisations for post-secondary 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.

Breakdown of grants expense

We have provided Crown-owned tertiary education institutions with funding for the provision of education, training, and other services. The transactions are within a normal supplier or client/recipient relationship on terms and conditions no more favourable than those it is reasonable to expect we would have dealing with other parties at arm's length in the same circumstances. The table below details the amounts paid to each tertiary education institution.

	Funding $000	Accounting Adjustment (Note 1) $000	2026 $000	2025 $000
UNIVERSITIES				
Auckland University of Technology	215,084	3,664	218,748	222,915
Lincoln University	54,150	(733)	53,417	54,076
Massey University	217,523	6,535	224,058	223,175
University of Auckland	563,818	11,790	575,608	580,310
University of Canterbury	241,715	13,533	255,248	248,904
University of Otago	381,888	6,198	388,086	400,073
University of Waikato	120,156	2,708	122,864	130,057
Victoria University of Wellington	212,203	3,206	215,409	221,826
	2,006,537	**46,901**	**2,053,438**	**2,081,336**
POLYTECHNICS (1 January 2026 - 30 June 2026)				
Ara Institute of Canterbury	37,376	10,438	47,814	-
Eastern Institute of Technology	23,702	6,751	30,453	-
Manukau Institute of Technology and Unitec	52,851	8,336	61,187	-
Nelson Marlborough Institute of Technology	13,922	7,328	21,250	-
Otago Polytechnic	24,454	8,951	33,405	-
Southern Institute of Technology	19,381	11,373	30,754	-
The Open Polytechnic of New Zealand	41,180	7,261	48,441	-
Toi Ohomai Institute of Technology	21,751	8,004	29,755	-
Universal College of Learning	16,619	5,014	21,633	-
Waikato Institute of Technology	24,631	3,281	27,912	-
	275,867	**76,737**	**352,604**	**-**
NEW ZEALAND INSTITUTE OF SKILLS AND TECHNOLOGY	**467,010**	**(74,577)**	**392,433**	**918,896**
WĀNANGA				
Te Wānanga o Aotearoa	158,088	(3,681)	154,407	161,476
Te Wānanga o Raukawa	27,094	(369)	26,725	29,940
Te Whare Wānanga o Awanuiārangi	31,018	1,017	32,035	30,514
	216,200	**(3,033)**	**213,167**	**221,930**
Total tertiary education institutions grants	**2,965,614**	**46,028**	**3,011,642**	**3,222,162**
Other tertiary education organisation grants	664,039	6,412	670,451	621,335
Bad debts and movement in allowance for credit losses (Note 2)	360	-	360	(7,585)
Total grants expense	**3,630,013**	**52,440**	**3,682,453**	**3,835,912**

Note 1 – The accounting adjustment is the movement in our tertiary grants payable. Refer to Note 3 for further details.

Note 2 – Our allowance for credit losses increased from $6.783 million in 2025 to $7.197 million in 2026 as per Note 4. This is a $0.414 million increase ($0.360 million exclusive of GST as per above).

3. Payables

Accounting policy

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 (TEOs) 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 TEOs state our ability to provide funding depends on the Government continuing to appropriate sufficient funding for us to fund the TEO. At 30 June 2026, our funding has only been confirmed up until 30 June 2027.
- Where we have committed to provide funding to TEOs to the end of the current calendar year, we recognise commitments up to then.

Exceptions are as follows:

Volume-based funding: most of our funding is paid based on the number of valid student enrolments. We obtain the number of students enrolled in courses at each TEO as at 30 June and compare this to what we have funded the TEO for to 30 June. We record an asset or liability based on these student numbers and whether the funding we provided to the TEO is higher or lower than what they are entitled to.

Deliverable-based funding: some of our funding is paid once a TEO completes a piece of research or meets a milestone. We do not record a liability unless the TEO 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.

Lease incentives

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

We lease four floors at 44 The Terrace, Wellington.

When we entered into the lease agreement for four floors effective from 1 July 2015, we received a lease incentive of $1,347,000 equal to one year's rent. This incentive was spread over the lease and ends 30 June 2027.

Breakdown of payables

	2026 $000	2025 $000
CURRENT PAYABLES		
Grants: Non-exchange transactions		
Tertiary grants payable	694,867	642,427
Accrued expenses	2,536	48,851
Creditors	-	-
Total current grants payables	**697,403**	**691,278**
Operations: Exchange transactions		
Accrued expenses	1,609	2,776
Creditors	27	114
Lease incentive	112	141
Revenue received in advance	478	774
Total current operations payables	**2,226**	**3,805**
Total current payables	**699,629**	**695,083**
NON-CURRENT PAYABLES		
Operations: Exchange transactions		
Lease incentive	-	139
Total non-current payables	**-**	**139**
Total payables	**699,629**	**695,222**

4. Receivables

Accounting policy

Receivables are initially measured at face value and then adjusted for amounts not considered recoverable.

Short-term receivables are recorded at the amount due, less any allowance for expected credit losses (ECL).

We have applied the simplified ECL model of recognising lifetime ECL for short-term receivables. The model of expected credit loss is based on the age of individual accounts receivable past due date of receipt, drawing on credit loss history, relationship with the TEC and communications with the individual. Most receivables are not past due.

As per Note 3, we have a large tertiary grants payable. The Ministry of Education (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 grants Balance Sheet Mechanism receivable from the MoE. It is funded from underspends in the Tertiary Tuition and Training multi-category appropriation. This helps us manage cost pressures within and across financial years. Refer to Note 14 for further details on our Balance Sheet Mechanism.

Breakdown of receivables and further information

	2026 $000	2025 $000
MoE tertiary grants receivable (non-exchange transaction)	694,867	642,427
MoE balance sheet mechanism receivable (non-exchange transaction)	54,380	14,380
Tertiary grants receivables (non-exchange transaction)	14,648	13,823
MoE other grants receivable (non-exchange transaction)	3,749	-
Other accounts receivable (exchange transaction)	619	605
Allowance for credit losses	(7,197)	(6,783)
Total receivables	**761,066**	**664,452**

The ageing profile of receivables at year end is detailed below:

As at 30 June 2026	Gross $000	Allowance $000	Net $000
Not past due	754,714	-	754,714
Past due 1-30 days	244	-	244
Past due 31-60 days	231	-	231
Past due 61-90 days	20	-	20
Past due > 90 days (Note 1)	13,054	(7,197)	5,857
Total	**768,263**	**(7,197)**	**761,066**

Note 1 – $12.9m of the gross receivables (or $5.9m of the net receivables) greater than 90 days past due are from providers in liquidation or receivership. We are pursuing recovery where possible.

As at 30 June 2025	Gross $000	Allowance $000	Net $000
Not past due	657,613	-	657,613
Past due 1-30 days	-	-	-
Past due 31-60 days	-	-	-
Past due 61-90 days	358	-	358
Past due > 90 days	13,264	(6,783)	6,481
Total	**671,235**	**(6,783)**	**664,452**

Movement in the allowance for credit losses is as follows:

	2026 $000	2025 $000
Balance at 1 July	6,783	15,506
Increase/(decrease) in allowance (Note 1)	426	(224)
Receivables written off during the year	(12)	(8,499)
Balance at 30 June	**7,197**	**6,783**

Note 1 – This is inclusive of Goods and Services Tax (GST). Bad debts and movement in allowance for credit losses shown in the Statement of Comprehensive Revenue and Expense are exclusive of GST.

5. Personnel costs

Accounting policy

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.

Breakdown of personnel costs and further information

	2026 $000	2025 $000
Salaries	40,403	41,102
Contractors	2,428	893
Redundancy cost	114	788
Contributions to defined contribution plans	1,208	1,207
Movement in employee entitlements	(1,259)	(178)
Training and development	255	247
Other personnel expenses	976	288
Total personnel costs	**44,125**	**44,347**

Employee remuneration

During the year the number of employees who received remuneration and other benefits more than $100,000 were:

	Number of employees 2026	Number of employees 2025
610,001 to 620,000	-	1
570,001 to 580,000	1	-
400,001 to 410,000	1	-
350,001 to 360,000	-	1
330,001 to 340,000	1	-
310,001 to 320,000	2	2
300,001 to 310,000	-	-
290,001 to 300,000	-	2
240,001 to 250,000	2	-
230,001 to 240,000	2	1
220,001 to 230,000	1	3
210,001 to 220,000	5	4
200,001 to 210,000	7	5
190,001 to 200,000	6	13
180,001 to 190,000	7	5
170,001 to 180,000	15	7
160,001 to 170,000	13	17
150,001 to 160,000	13	19
140,001 to 150,000	26	20
130,001 to 140,000	23	30
120,001 to 130,000	34	32
110,001 to 120,000	40	37
100,001 to 110,000	28	41
Total employees	**227**	**240**

During the year, three employees (2025: 23) received compensation and other benefits in relation to cessation totalling $114,376 (2025: $787,902).

The TEC Chief Executive acted as the Education Review Office Chief Executive from 11 May to 12 July 2026. During this acting period, he was employed by the Public Service Commission.

Board of Commissioners' remuneration

The total value of remuneration paid or payable to each commissioner during the year was:

		2026 $	2025 $
CURRENT COMMISSIONERS			
Dr Alan Bollard (Chair) (Note 1)	appointed November 2024	88,162	21,994
Robin Hapi (Deputy Chair) (Note 2)	appointed February 2025	55,024	10,290
Sharon McGuire	appointed February 2025	37,179	9,800
Uluomato'otua (Ulu) Aiono	appointed November 2025	27,363	-
Mike Chapman	appointed November 2025	27,363	-
Sally Davenport	appointed November 2025	27,363	-
Simon Flood	appointed February 2026	17,654	-
Michelle Findlater	appointed May 2026	7,062	-
PAST COMMISSIONERS			
Kirk Hope	term ended November 2025	9,992	23,520
Samuelu (Sam) Sefuiva	term ended November 2025	9,992	23,520
Deidre Shea	term ended November 2025	9,992	23,520
Dr Alastair MacCormick (Note 3)	term ended December 2025	15,994	55,920
Yvonne Browning (Note 4)	resigned December 2025	9,311	-
Bharat Guha (Note 5)	resigned December 2025	5,880	15,680
Dr Wayne Ngata (Former Acting Chair)	term ended March 2025	-	35,154
Vivien Sutherland Bridgwater	term ended December 2024	-	11,760
Total Commissioner's fees		**348,331**	**231,158**

Note 1 – Dr Alan Bollard was elevated to Chair in March 2025.

Note 2 – Robin Hapi was elevated to Deputy Chair in June 2025.

Note 3 – The amount paid to Dr Alastair MacCormick in 2025 includes $32,400 for membership of the University Advisory Group.

Note 4 – Yvonne Browning was appointed to the Board in September 2025 and then resigned in December 2025.

Note 5 – Bharat Guha was on leave from the Board from October 2025 and then resigned in December 2025.

There have been no payments made to committee members who are not commissioners.

We have not provided a deed of indemnity to any commissioner or employee.

We have directors' and officers' liability and professional indemnity insurance cover in respect of the liability or costs of commissioners and employees.

No commissioner received compensation or other benefits in relation to cessation.

6. Other expenses

Accounting policy

Capital charge

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

Operating leases

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

Critical judgements in applying accounting policies

Leases classification

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

Breakdown of other expenses and further information

	Note	2026 $000	2025 $000
Consultants		1,032	896
Managing third-party delivery		3,327	3,791
Computer operations		6,225	5,741
Property rental		1,414	3,474
Capital charge		2,961	2,788
Travel		444	426
Legal fees		676	415
Commissioners' fees	5	348	231
Audit fees for audit of financial statements		239	232
Telephone, tolls and postage		49	75
Insurance		113	123
Other supplies and services		5,360	4,318
Total other expenses		**22,188**	**22,510**

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are:

	2026 $000	2025 $000
Not later than one year	2,006	2,533
Later than one year and not later than five years	6,300	2,445
Later than five years	3,162	-
Total non-cancellable operating leases	**11,468**	**4,978**

Our main lease is for four floors (2025: five floors) of office space at 44 The Terrace, Wellington. In June 2026, we exercised our right of renewal and extended our lease to 30 June 2033 (from 30 June 2027).

We also have regional offices in Auckland and Christchurch. Renewal dates have been used for these leases also.

7. Cash and cash equivalents

Accounting policy

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.

Breakdown of cash and cash equivalents

	2026 $000	2025 $000
OPERATIONS		
Cash at bank	4,878	5,991
Term deposits with maturities less than three months	**30,000**	**29,000**
Total operations cash and cash equivalents	**34,878**	**34,991**
GRANTS		
Cash at bank	25,881	91,460
Total grants cash and cash equivalents	**25,881**	**91,460**
PRE-PURCHASED ENGLISH LANGUAGE TUITION		
Cash at bank	3,152	2,538
Term deposits with maturities less than three months	11,000	10,000
Total Pre-purchased English Language Tuition cash and cash equivalents	**14,152**	**12,538**
Total cash and cash equivalents	**74,911**	**138,989**

8. Intangible assets

Accounting policy

Software acquisition and development

Computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software, so long as they are not considered a Software-as-a-Service (SaaS) arrangement.

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

Computer software is the major class of intangible asset. Its useful life ranges from three to eight years and its associated amortisation rate ranges from 6 percent to 57 percent straight line.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing us with the right to access the cloud provider's application software over the contract period. As such, we do not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give us the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

We recognise all costs associated with SaaS arrangements as an expense as the service is received.

Impairment of intangible assets and property, plant and equipment

Cash-generating 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

Intangible assets and property, plant and equipment held at cost, and 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 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.

Critical judgements in applying accounting policies

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

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

In our assessment of useful lives for the current balance date, we noted several assets we either expect to keep in use beyond their useful lives or have significantly reduced their useful lives. The effect of these changes on expected amortisation and depreciation expense is in the following table.

	2026 $000	2027 $000	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000
Increase / (decrease) in amortisation expense	367	1,895	808	(637)	(637)	(653)	(653)	(491)
Increase / (decrease) in depreciation expense	-	(259)	43	43	43	43	43	43

Breakdown of intangible assets and further information

Movements for each class of intangible assets are as follows

2026	Acquired software $000	Internally generated software $000	Work in progress (acquired) $000	Work in progress (internal) $000	Total $000
Carrying amount at 1 July	-	25,615	-	7,848	33,463
Capitalisations	-	7,501	-	(7,501)	-
Amortisation and impairments	-	(5,970)	-	-	(5,970)
Additions	-	-	-	2,898	2,898
Carrying amount at 30 June	**-**	**27,146**	**-**	**3,245**	**30,391**
Cost	1,788	58,652	-	3,245	63,685
Accumulated amortisation	(1,788)	(31,506)	-	-	(33,294)
Carrying amount at 30 June	**-**	**27,146**	**-**	**3,245**	**30,391**

2025	Acquired software $000	Internally generated software $000	Work in progress (acquired) $000	Work in progress (internal) $000	Total $000
Carrying amount at 1 July	-	19,121	-	10,365	29,486
Capitalisations	-	12,046	-	(12,046)	-
Amortisation and impairments	-	(5,552)	-	(460)	(6,012)
Additions	-	-	-	9,989	9,989
Carrying amount at 30 June	**-**	**25,615**	**-**	**7,848**	**33,463**
Cost	1,788	58,771	-	7,848	68,407
Accumulated amortisation	(1,788)	(33,156)	-	-	(34,944)
Carrying amount at 30 June	**-**	**25,615**	**-**	**7,848**	**33,463**

The amount of contractual commitments for the acquisition of intangible assets is $0.6 million (2025: $2.56 million).

There are no restrictions over the title of intangible assets, nor are any intangible assets pledged as security for liabilities.

Work in progress costs comprise projects that are in progress, pending capitalisation.

9. Property, plant and equipment

Accounting policy

Property, plant and equipment consist of the following asset classes: leasehold improvements, computer equipment, office equipment, furniture and fittings.

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 after 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 accounted for 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:

Class	Useful Life	Depreciation rate
Leasehold improvements	Life of lease	
Computer equipment	3 to 5 years	20 to 33% straight line
Office equipment	5 years	20% straight line
Furniture and fittings	10 years	10% straight line

Impairment of property, plant and equipment, and critical accounting estimates and assumptions

Refer to the policy on intangible assets in Note 8.

Breakdown of property, plant and equipment and further information

Movements for each class of property, plant and equipment are as follows:

2026	Leasehold improvements $000	Computer equipment $000	Office equipment $000	Furniture and fittings $000	Work in progress $000	Total $000
Carrying amount at 1 July	775	857	-	394	-	2,026
Depreciation and impairments	(392)	(516)	-	(110)	-	(1,018)
Additions	-	14	-	-	48	62
Disposals	-	(1)	-	(29)	-	(30)
Carrying amount at 30 June	**383**	**354**	**-**	**255**	**48**	**1,040**
Cost	4,328	2,637	17	857	48	7,887
Accumulated depreciation	(3,945)	(2,283)	(17)	(602)	-	(6,847)
Carrying amount at 30 June	**383**	**354**	**-**	**255**	**48**	**1,040**

2025	Leasehold improvements $000	Computer equipment $000	Office equipment $000	Furniture and fittings $000	Work in progress $000	Total $000
Carrying amount at 1 July	1,182	1,349	-	487	-	3,018
Depreciation and impairments	(407)	(678)	-	(89)	-	(1,174)
Additions	-	200	-	-	-	200
Disposals	-	(14)	-	(4)	-	(18)
Carrying amount at 30 June	**775**	**857**	**-**	**394**	**-**	**2,026**
Cost	4,328	2,835	17	913	-	8,093
Accumulated depreciation	(3,553)	(1,978)	(17)	(519)	-	(6,067)
Carrying amount at 30 June	**775**	**857**	**-**	**394**	**-**	**2,026**

There are no contractual commitments for the acquisition of property, plant and equipment (2025: $nil).

There are no restrictions over the title of property, plant and equipment nor are any property, plant and equipment pledged as security for liabilities.

Work in progress costs comprise projects that are in progress, pending capitalisation.

10. Employee entitlements

Accounting policy

Current 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.

Non-current 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.

Critical accounting estimates and assumptions

Measuring retirement and long service leave obligations

The present value of retirement and long service leave obligations depend on several factors determined on an actuarial basis. Two key assumptions used in calculating this liability include the assumed long-term salary inflation assumption 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. We have used the New Zealand Treasury long-term salary inflation assumption published on the Treasury website. The assumed resignation rate has been determined by an actuary when building the retirement and long service leave models, using rates that vary with age and length of service and reflect the experience of company superannuation schemes in New Zealand.

Breakdown of employee entitlements and further information

	2026 $000	2025 $000
CURRENT PORTION		
Annual leave	2,288	2,200
Salaries and wages	107	1,336
Retirement and long service leave	212	162
Redundancies	-	113
Sick leave	5	12
Total current portion	**2,612**	**3,823**
NON-CURRENT PORTION		
Retirement and long service leave	398	384
Redundancies	-	-
Sick leave	11	73
Total non-current portion	**409**	**457**
Total employee entitlements	**3,021**	**4,280**

Sensitivity analysis

The table below shows the impact on the valuation of varying the long-term salary inflation assumption and assumed resignation rates, leaving all other assumptions unaltered:

	Long service leave $000	Retiring leave $000	Total $000
No change	592	18	**610**
Salary growth: 1.0% increase per year	625	21	**646**
Salary growth: 1.0% decrease per year	563	16	**579**
Resignation rates: 50% of assumed	738	20	**758**
Resignation rates: 150% of assumed	493	16	**509**
Discount rates: 1.0% increase	571	16	**587**
Discount rates: 1.0% decrease	615	20	**635**

11. Pre-purchased English Language Tuition – fees in advance

Accounting policy

Refer to the policy on Contract revenue – Pre-purchased English Language Tuition in Note 1.

Breakdown of Pre-purchased English Language Tuition

	2026 $000	2025 $000
Balance at 1 July	14,046	11,644
Fees received from migrants	6,538	6,769
Fees paid to providers	(2,332)	(2,414)
Refund of unused fees to Ministry of Business, Innovation and Employment	(1,992)	(1,556)
Contract expense – administration	(432)	(397)
Balance at 30 June	**15,828**	**14,046**

12. Provision for lease

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) because of a past event
- it is probable an outflow of future economic benefits or service potential will be required to settle the obligation, and/or
- a reliable estimate can be made of the amount of the obligation.

Lease make-good provisions

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.

We lease four floors at 44 The Terrace, Wellington. At the expiry of the lease term, we are required to make-good any damage caused and remove any installed fixtures and fittings. The cost is based on the market value of replacement items as specified in the lease agreements. We estimate this to be $161,000.

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.

At 30 June 2025, we had vacated level 2 of 44 The Terrace after subleasing the floor during 2024/25. Given the market conditions at the time, we did not expect to be able to sublease level 2 before the lease ended on 30 June 2027. We recorded an onerous lease for the next two years of level 2 rent.

In June 2026, we exercised our right of renewal and extended our lease for the four floors we were using at 44 the Terrace to 30 June 2033. As part of the agreement with our landlord, we were able to end our lease on level 2 early, so we released the level 2 onerous lease provision in June 2026.

Breakdown of provision for lease

	2026 $000	2025 $000
CURRENT PORTION		
Onerous lease	-	472
Total current portion	**-**	**472**
NON-CURRENT PORTION		
Lease make-good	161	161
Onerous lease	-	471
Total non-current portion	**161**	**632**
Total provision for lease	**161**	**1,104**

13. Repayment of grants funding – Ministry of Education

Accounting policy

We are required to return any excess grants funds collected during the year to the Ministry of Education (MoE). 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 MoE. We also voluntarily return interest earned on grants funds.

Breakdown of repayment of grants funding – MoE

	2026 $000	2025 $000
Balance at 1 July	19,623	5,511
Repayments of opening balance	(19,623)	(5,511)
Prior year recoveries	2,464	2,322
Industry Standards Board recoveries	1,028	-
Excess funding drawn	-	14,634
Interest	1,011	2,667
Balance at 30 June	**4,503**	**19,623**

14. Equity

Accounting policy

Equity is measured as the difference between total assets and total liabilities.

Capital management (operating equity)

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 have complied with the financial management and accountability requirements of the Crown Entities Act 2004 during the year.

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.

Balance Sheet Mechanism (operating equity)

Our Balance Sheet Mechanism (grants equity) at 30 June 2026 of $80 million consists of $26 million of funds held by TEC and $54 million receivable from MoE.

It helps manage cost pressures within and across financial years. We can draw from our Balance Sheet when grants expenditure exceeds our current years appropriation (revenue). When we do so, our expenses increase, but there is no impact on our revenue. This usually results in an overall deficit for the year.

In years where we have underspends, if agreed with MoE, we still recognise the revenue from appropriations but will not have corresponding expenditure. This results in a surplus and an increase in the Balance Sheet Mechanism.

Breakdown of equity

	2026 $000	2025 $000
GRANTS EQUITY		
Balance at 1 July	40,489	112,046
Surplus/(deficit) for the year	41,024	(6,890)
Repayment of grants interest – MoE	(1,011)	(2,667)
Capital withdrawal – non-cash – MoE (Note 1)	-	(62,000)
Balance at 30 June	**80,502**	**40,489**
OPERATIONS EQUITY		
Balance at 1 July	61,711	52,345
Surplus/(deficit) for the year	(2,531)	1,109
Crown capital contributions – MoE	2,087	8,257
Balance at 30 June	**61,267**	**61,711**
Total equity	**141,769**	**102,200**

Note 1 – In 2025, $62 million from the grants Balance Sheet Mechanism was reprioritised by the Crown as offset towards the Budget 2025 Vote Tertiary Education package.

15. Related party transactions

We are controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are:

› within a normal supplier or client/recipient relationship, and/or

› on terms and conditions no more or less favourable than those it is reasonable to expect we would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (eg, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions, consistent with the normal operating arrangements between government agencies.

We have no related party transactions to disclose.

	2026 $000	2025 $000
COMMISSIONERS		
Remuneration	348	231
Full-time equivalent members	0.9	0.9
LEADERSHIP TEAM		
Remuneration	1,947	2,195
Full-time equivalent members	5.0	6.0
Total key management personnel remuneration	**2,295**	**2,426**
Total full-time equivalent personnel	**5.9**	**6.9**

The full-time equivalent for Commissioners has been determined based on the frequency and length of Board of Commissioner meetings and the estimated time for commissioners to prepare for meetings.

An analysis of Board of Commissioners' remuneration is provided in Note 5.

Key management personnel include Commissioners, the Chief Executive and Deputy Chief Executives.

16. Financial instruments

Financial instrument categories

We are party to financial instrument arrangements as part of our normal operations. The categories of financial assets and liabilities are as follows:

	2026 $000	2025 $000
FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Cash and cash equivalents	74,911	138,989
Receivables	761,066	664,452
Total financial assets measured at amortised cost	**835,977**	**803,441**
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Payables (current portion)	699,629	695,083
Payables (non-current portion)	-	139
Total financial liabilities measured at amortised cost	**699,629**	**695,222**

Refer to Note 3 for further details on payables, Note 4 for further details on receivables, and Note 7 for further details on cash and cash equivalents.

Financial instrument risks

Market risk – interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. We do not use interest rate options or interest rate swap options. Our bank deposits are on call and on term deposits with less than or equal to three-month maturities.

Market risk – currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate owing to changes in foreign exchange rates. We had no exposure to currency risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to us causing us to incur a loss. We had minimal credit risk in our holdings of various financial instruments. These instruments included bank deposits, term deposits and accounts receivable. There was no significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty raising liquid funds to meet commitments as they fall due. We had no exposure to liquidity risk.

Contractual maturity analysis of financial liabilities

Our financial liabilities consist of payables. The carrying amount equals the contractual cash flows. All amounts mature in less than three months.

17. Contingencies

Contingent liabilities

There are no contingent liabilities for the current year (2025: nil).

Contingent assets

We have a contingent asset that arises from the likelihood of realising recoveries from some tertiary education organisations. The amount relates to grants expenses and is likely to be returned to the Crown if realised. The investigations are progressing but there is no certainty on the amounts that may be recovered. This has not changed since last year.

18. Events after balance date

There were no significant events after the balance date.

19. Explanations of major variances against budget

Explanations for major variances from our budgeted figures in the *Statement of Performance Expectations 2025/26* are as follows:

Statement of Comprehensive Revenue and Expense

Grants revenue and grants expense

Grants revenue was $7 million greater than budget owing to the drawdown of $40 million of funding to the Balance Sheet Funding Mechanism and the transfer of $5 million of Fees-free Payments funding from the previous year. This is partially offset by underspends of $15 million following the ending of the Workforce Development Councils in December 2025, and $19 million in Foundation and Community Education due to lower demand. Grants expenditure was $33 million less than budget, mainly following the ending of the Workforce Development Councils in December 2025 by $15 million, and lower demand in Foundation and Community Education by $19 million.

Statement of Financial Position

Receivables

Receivables were $108 million greater than budget. The tertiary grants receivable was $58 million greater than budget following increased student numbers. The Balance Sheet Mechanism receivable from the MoE also increased by $40 million with the additional funding drawn on to it.

Cash

Cash was $15 million less than budget. This relates to our grants cash as each month we draw down cash from the Ministry of Education based on forecast payments for the following month. We deliberately aimed to reduce our grants cash this financial year.

Payables

Payables were $38 million greater than budget. The main driver was the increase in student numbers which increased our tertiary grants payable at year end. This was partially offset by a lower balance of accrued expenses than budgeted.

The Audit Office
Te Mana Arotake

Independent auditor's report

Pūrongo kaitirotiro Motuhake

To the readers of Tertiary Education Commission's financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of Tertiary Education Commission (the TEC). The Auditor-General has appointed me, Dumi Rathnadiwakara, using the staff and resources of The Audit Office, to carry out the audit of the financial statements and performance information on his behalf.

Opinion

We have audited:

» the financial statements of the TEC that comprise the statement of financial position as at 30 June 2026 the statement of comprehensive revenue and expenses, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 83 to 116; and

» the performance information that consists of the statement of performance for the year ended 30 June 2026 on pages 36 to 42 and the end-of-year performance information for the appropriations for the year ended 30 June 2026 on pages 55 to 81.

In our opinion:

» The financial statements of the TEC present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with Public Benefit Entity Reporting Standards.

» The performance information is appropriate and meaningful and prepared in accordance with the TEC's measurement bases or evaluation methods and Public Benefit Entity Reporting Standards, and presents fairly, in all material respects:

› the TEC's service performance and actual revenue and expenses for each reportable class of outputs for the year ended 30 June 2026 compared to the forecast standards and budgets included in the statement of performance expectations for the year, and

› what has been achieved with each appropriation, and the actual expenses or capital expenditure incurred in relation to the appropriation for the year ended 30 June 2026.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board of Commissioners for the financial statements and the performance information

The Board of Commissioners are responsible on behalf of the TEC for preparing financial statements and performance information that are fairly presented and comply with Public Benefit Entity Reporting Standards.

This includes:

» the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of service performance information that is appropriate and meaningful; and

» the preparation of a statement of performance, in accordance with the TEC's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Board of Commissioners are also responsible for the preparation of end-of-year performance information for an appropriation that is prepared in accordance with the entity's measurement bases or evaluation methods and complies with Public Benefit Entity Reporting Standards and legislative requirements.

The Board of Commissioners are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and performance information, the Board of Commissioners are responsible on behalf of the TEC for assessing the TEC's ability to continue as a going concern. The Board of Commissioners is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the TEC, or there is no realistic alternative but to do so.

The Board of Commissioner's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the financial statements and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the TEC's statement of performance expectations or to the Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2026.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

» We identify and assess the risks of material misstatement of the financial statements and performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

» We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TEC's internal control.

» We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Commissioners.

» We obtain an understanding of the process applied by the TEC to select its elements/aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods.

» We evaluate whether:

  › the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the entity's service performance; and

  › the performance information is prepared in accordance with the TEC's measurement bases or evaluation methods, and presents fairly, in all material respects in accordance with Public Benefit Entity Reporting Standards, what has been achieved with the appropriation, and for each class of reportable outputs;

    - the actual performance of the TEC as compared with the forecast standards of performance included in the TEC's statement of performance expectations for the financial year; and

    - the actual revenue earned and output expenses incurred as compared to the expected revenues and the proposed output expenses included in the TEC's statement of performance expectations for the financial year.

» We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Commissioners and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the TEC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the TEC to cease to continue as a going concern.

» We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Commissioners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Commissioners are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the financial statements, the performance information consisting of the statement of performance and the end-of-year performance information for appropriations, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the TEC in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the TEC.



Dumi Rathnadiwakara
The Audit Office
On behalf of the Auditor-General
Wellington, New Zealand
30 October 2026

Part six: Appendices

Wāhanga ono: Ngā tāpiringa

Appendix A: Our good employer requirements

During 2025/26, we commenced a refresh of our People Plan, "Mā Tātou, Mō Tātou", and our Diversity, Equity and Inclusion (DEI) Plan. These strategic frameworks will guide our approach to attracting, developing and retaining a capable and diverse workforce, while fostering an inclusive workplace culture that supports the wellbeing, engagement and success of our people.

The refreshed People Plan focuses on six pou: health, safety and wellbeing; culture; leadership; people capability; talent management; and technology, data and AI.

High employee engagement and wellbeing, and a resilient workforce

Like previous years, our annual employee experience survey shows very high engagement. This year, the participation rate was 88%, which is an all-time high for the TEC and 23.4% ahead of the state sector average. This indicates that our people are continuing to actively engage with the organisation.

We maintain high scores in the "Wellbeing" category (81%, +1% from 2025). Given the current global environment of change and uncertainty, this is particularly significant. 75% of our employees think "our organisation encourages us to think about our physical and mental health." High scores (79%–83%) in individual questions on physical, emotional, spiritual and family health support this narrative. Having flexible work options as per our Policy and Guidelines, and mutual trust between employees and leaders to work productively while working remotely, remain important factors in maintaining employee wellbeing.

A diverse and inclusive culture, relying on team cohesiveness and supportive leadership

Our people continue to feel the TEC is a "great place to work" (question score 80%, +2% from 2025). This is also felt at the team level (86% feel included in their team). Our people's ethnic, demographic and thought diversity is valued at all levels of the organisation. 77% feel that our leaders/managers are committed to building an inclusive culture founded on respect, fairness and equity. Our employee networks also provide opportunities for people to connect with specific peer groups with whom they identify.

Progressively in the last two years, a strong sense of team cohesiveness, with wellbeing support from peers and leaders, is emerging as a strength for the TEC. 86% (+6% from 2025) of our people state "the person I report to is checking in on me on a regular basis to see how I am doing." This is a significant improvement in a year and emerges as a strong factor in maintaining our people's resilience and wellbeing.

Leadership, stakeholder management and client focus continue to be areas of strength

Leadership

The category score remains high (78%; +1% from 2025), indicating an overall high trust in leadership. 77% of our people agree that our leaders treat people the way they ask us to treat others (+2% from 2025).

We are currently developing a suite of eLearning for managers that provides a structured learning pathway covering people leadership, health and safety, recruitment, coaching, Te Tiriti, privacy and delegation. A module on recruitment best practice has already been released. We continue to encourage the application of all leadership learning through regular practice.

Client focus

In the last few years, a narrative has emerged from our survey on our people's growing confidence in the TEC's strong position in the education sector. This continues in 2026. For example, 78% of people think we operate effectively in delivering value in our sector, and 75% feel that we collaborate effectively with other relevant organisations. The importance of understanding the needs of our customers and stakeholders, so that we can design processes and systems for them, comes through clearly.

Career progression, learning and development, and technology: initiatives continue to be implemented

We are focused on our people's development. Last year, we revised the TEC Competency Guide and all Coaching Kōrero documents and started tracking the completion. The results show a high score for regularity of performance development conversations. "I have regular and effective feedback and performance reviews" scored 72%; +6% from 2025, which is a significant improvement. We have also developed a Career Progression Framework as part of our commitment to the Public Service Association, and this has been socialised with teams.

We are invested in creating a continuous learning culture at the TEC that relies on each employee owning their development, and the organisation supporting the employees' growth. Initiatives have been put in place, such as: delivering team sessions on best practice learning and development; creating updated web content for both staff and managers, including bite-sized learning; and providing multiple new eLearning modules (eg, on resilience, unconscious bias, code of conduct, etc.) via Cūrious, our learning management system. These will continue to be made accessible to our people.

In the area of technology, particularly with the fast advent of AI, we are focusing on the enhancement of our systems, as well as on improving our people's digital capability with an eye to the future changes in the nature of work. The survey score in the Technology category has been improving through the years, and currently is at 67%, +2% from 2025. Our intranet and document management system were migrated to SharePoint last year, vastly improving our digital experience and efficiency. All staff have been given AI training, and most employees are using AI tools confidently in their daily work.

Remuneration, recognition and promotion

We completed the 2025/26 remuneration round, providing base salary increases for eligible employees in accordance with the remuneration arrangements negotiated with the Public Service Association in 2025. Secondment opportunities enabled staff to contribute to the Ministerial Work Programme and Vocational Education Reforms. We have developed a remuneration calculator to assess the impact of new hire salaries on our gender pay gap.

Health and safety

During 2025/26, we enhanced our health and safety systems by upgrading our health, safety and wellbeing reporting system (GOSH) and implementing a new visitor sign-in portal that includes health and safety acknowledgements. These improvements strengthen visitor management processes, support compliance with health and safety obligations, and contribute to a safer workplace for all.

We review quarterly Vitae statistics, our employee assistance programme, with the Health and Safety Committee. The main reasons people utilise Vitae are non-work-related issues. We also monitor work-related concerns. There were no reports of bullying or harassment in the 2025/26 reporting period.

The Organisation Performance Management meeting reviews key workforce indicators, including annual leave balances, turnover, FTEs and contractor utilisation, to ensure workforce risks are effectively managed. These measures provide insight into employee wellbeing, workforce stability, organisational capability and the use of resources.

As part of our commitment to supporting employment of disabled people, we ask people, within our staff survey, to identify if they have a disability. Assessment of this data did not highlight any differences in people accessing opportunities within the TEC.

Employment relations

We meet monthly with the Public Service Association (PSA) to discuss common workforce matters and organisational change processes. The PSA is also represented on our Safety and Wellbeing Committee. We continue to work collaboratively with the PSA to update our Management of Change Protocol.

Appendix B: Governance and accountability

Our Board



Dr Alan Bollard
Chair
Appointed to the Board from November 2024
Appointed Acting Chair from 25 March 2025
Appointed Chair from 26 May 2025)



Robin Hapi
Deputy Chair
Appointed to the Board February 2025
Appointed Deputy Chair from 26 May 2025



Sharon McGuire
Appointed to the Board from February 2025



Sally Davenport
Appointed to the Board from 10 November 2025



Mike Chapman
Appointed to the Board from 10 November 2025



Uluomato'otua (Ulu) Aiono
Appointed to the Board from 10 November 2025



Simon Flood
Appointed to the Board from 2 February 2026



Michelle Findlater
Appointed to the Board from 1 May 2026



Yvonne Browning
From 1 September to 6 December 2025



Dr Alastair MacCormick
Until 11 December 2025



Kirk Hope
Until 10 November 2025



Deidre Shea
Until 10 November 2025



Samuelu (Sam) Sefuiva
Until 10 November 2025



Bharat Guha
Until 5 December 2025*

Whatitata Whakau – Risk and Assurance Committee members 2025/26

Dr Alastair MacCormick Chair of the Committee until 11 December 2025

Simon Flood Chair of the Committee from February 2026

Dr Alan Bollard Board Chair from May 2025

Kirk Hope until 10 November 2025

Samuelu (Sam) Sefuiva until 10 November 2025

Bharat Guha from May 2025 until 7 October 2025

Stewart McRobie Independent Consultant until October 2025

Sally Davenport from February 2026

Uluomato'otua (Ulu) Aiono from February 2026

Ohu Tangata – People and Culture Committee members 2025/26

Samuelu (Sam) Sefuiva Chair of the Committee until November 2025

Dr Alan Bollard Board Chair from April 2025

Robin Hapi Deputy Chair from April 2025. Chair of the Committee from December 2025.

Deidre Shea from April 2025 to November 2025

Sharon McGuire from April 2025

Mike Chapman from February 2026

Tupu – Student Learner Advisory Committee

Tupu – Student Learner Advisory Committee was disestablished in August 2025. No meetings were held in the 2025/26 year (the last meeting was held on 10 June 2025).

Appendix C: Te Tiriti o Waitangi

We continue to strive to give effect to Te Tiriti

Under section 4(d) of the Education and Training Act, the TEC is required to give effect to the Crown's Te Tiriti responsibilities which includes supporting Māori–Crown relations.

- Te Tiriti underpins the Tertiary Education Strategy (TES), Tau Mai Te Reo, and Ka Hikitia (cross-agency strategies for the education sector). Our commitment to honour Te Tiriti o Waitangi is woven into our implementation of these strategies and our core legislative functions.
- The results of our 2026 Annual Employee Experience Survey, He Waka Eke Noa, continue to demonstrate yearly growth in Te Tiriti capability across previous survey results. Enabling staff to better embed Te Tiriti and support Māori–Crown relations across TEC business.

  "I am confident in my understanding of Te Tiriti o Waitangi and how it applies to me and my organisation's work" – this has scored 71% (cumulative +13% from 2023).

- Formal partnerships with iwi are one way that the TEC honours its obligations under Te Tiriti. We continue to progress work identifying iwi with education strategies, education-to-employment strategies, or social investment strategies. This has ensured a response to the needs of the growing Māori economy by aligning iwi strategies with government investment and policy approaches, and by facilitating and strengthening the connections between iwi and Māori organisations, and tertiary education organisations.
- We are working to ensure our Te Tiriti commitments are being met through our stewardship, monitoring and leadership role for the careers system. Tahatū Career Navigator reflects these commitments with the inclusion of kaupapa Māori career ideas and pathways. The continued development of kaupapa Māori career ideas ensures a close alignment with the Government's focus on building economic growth through skills development. They are also a specialised lever to support the Māori economy, which is a key contributor to the attainment of the Government's "Going for Growth" agenda.

Appendix D: Glossary

Adult and Community Education	ACE	Community-based education that provides adults with foundation skills and pathways into other learning opportunities that meet identified community needs and funded priorities.
Centres of Research Excellence	CoREs	Inter-institutional research networks with researchers working together on a commonly agreed work programme. Each is hosted by a university and generally comprises a number of partner organisations, including other universities, Crown Research Institutes and wānanga.
Disability Action Plans	DAPs	A strategic response to implement a unified approach towards supporting disabled learners within tertiary education. All large tertiary education organisations are required to submit draft DAPs that articulate the changes they will make to better support learners with disabilities and improve their tertiary education outcomes.
Education Performance Indicators	EPIs	A group of performance indicators that provide a view of how well tertiary providers are supporting their learners to achieve. They show how many learners progress and stay in study, and how many courses and qualifications are completed.
Equivalent Full-Time Students	EFTS	The main unit of measurement of the consumption of education (with one learner enrolled in a programme of study full time for the full year equating to 1.0 EFTS). Usually 120 credits on the New Zealand Qualifications and Credentials Framework (NZQCF).
Industry Skills Boards	ISBs	Eight industry-led bodies that are responsible for setting and maintaining vocational education standards. For a transitional period, they are also responsible for managing work-based training, previously overseen by the New Zealand Institute of Skills and Technology. The transition of work-based training out of ISBs began in 2026 and will continue until the end of 2027.
Inspiring the Future	ItF	A programme to connect children from ages 7 to 13 with volunteer role models from the world of work, to broaden career options and challenge stereotypes.
Institutes of technology and polytechnics	ITPs	Providers that deliver technical vocational and professional education up to degree and postgraduate levels.

Learner Outcome Improvement Plan	LOIP	An intervention used with providers whose learner outcomes are not meeting expectations. It sets out how the provider will identify the causes of poor performance, implement targeted improvements, and demonstrate progress toward better outcomes for learners.
Learner Success Plans	LSPs	Plans that tertiary education organisations are required to provide, outlining how they will change the way their organisation operates to deliver better outcomes for their learners, especially those who are under-served by the tertiary system.
Letter of Expectations	LoE	Sets out the Minister's priorities and expectations for how the TEC will implement the Government's policies and priorities.
National Careers System Strategy	NCSS	A cross-agency plan that provides a shared vision for New Zealand's careers system, aiming to ensure that people are empowered to understand themselves and their aspirations, and can navigate careers decisions and transitions throughout their lives. Through its Action Plan, the NCSS seeks to build a more connected, accessible and equitable careers system.
New Zealand Institute of Skills and Technology	NZIST	Established as a national network for New Zealand's 25 polytechnics and industry training organisations (formerly known as Te Pūkenga), currently undergoing Government disestablishment to return vocational education to regionally autonomous polytechnics.
Performance-Based Research Fund	PBRF	A fund established to ensure that excellent research in the tertiary education sector is funded and rewarded. The PBRF is accessed by universities, polytechnics, wānanga and private training establishments. The PBRF will be replaced by the Tertiary Research Excellence Fund (TREF) from 2029.
Private training establishments	PTEs	Provides tertiary education or vocational training. PTEs are separate to institutions (ie, polytechnics, universities, wānanga) and are covered by, and must comply with, sections 232D-236 of the Education and Training Act 2020 and the Private Training Establishment Registration Rules 2018.
Single Data Return	SDR	The collection mechanism for learner information, activity and achievement in provider-based education.
Statement of Intent	SOI	An accountability document which outlines Crown entities' or Government departments' medium-term goals, strategic intentions, core functions, and performance measurement frameworks, providing a base against which performance can later be assessed.

Statement of Performance Expectations	SPE	An accountability document which outlines a Crown entity's short-term planned activities, annual performance targets and financial forecasts, providing a base against which performance can be assessed.
Tertiary education institutions	TEIs	Providers of tertiary education that are Crown entities under section 162 of the Education Act 1989; namely universities, institutes of technology and polytechnics, and formally established wānanga.
Tertiary education organisations	TEOs	The overarching term for all public, private or community-based organisations that offer tertiary education or tertiary-related services.
Tertiary Education Strategy	TES	Sets out the Government's long-term strategic direction for tertiary education in New Zealand.
Tertiary Research Excellence Fund	TREF	Replacing the Performance-Based Research Fund (PBRF) from 2029, the TREF will support and incentivise research capability, excellence and impact across Aotearoa New Zealand's tertiary education sector. The TREF will be accessed by universities, polytechnics, wānanga and private training establishments.
Vocational Educational and Training	VET	VET enables skills development in a wide range of occupational fields, through provider-based and work-based learning. VET funding covers provider-based study at Levels 3–7 (non-degree) and all work-based learning.
Workforce Development Councils	WDCs	Industry-led bodies that were focused on improving the vocational education and training system. Disestablished at the end of 2025 and replaced by ISBs from 1 January 2026, there were six WDCs, each covering a specific sector, such as Primary and Construction.
Youth Guarantee	YG	Provides fees-free tertiary places for eligible domestic students aged 16 to 19 years who are studying towards NCEA Levels 1 or 2, or another qualification at Levels 1, 2 or 3 on the New Zealand Qualifications and Credentials Framework (NZQCF).

Values and behaviours

Our values and behaviours reflect the essence of who we are, guide the way we work together and are pivotal to achieving our strategic intentions

Work together for success

WE DO THIS BY:

actively looking for input from others

crafting a safe, open environment for sharing ideas

valuing other people's contributions and perspectives

Connect with people

WE DO THIS BY:

creating culturally affirming spaces with shared dignity

treating others with kindness respect and generosity

supporting who we work with and the work they do



Service matters

WE DO THIS BY:

asking questions and listening, with empathy, to understand

helping everyone involved by resolving promptly and accurately

learning from the people we work with and for

Do the right thing

WE DO THIS BY:

being consistent with our talk and walk

acting with honesty and accountability, even when it's hard

giving it our all and delivering

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Te Kāwanatanga o Aotearoa
New Zealand Government