



Tō mātou pūtake

Our purpose

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

We need a system that enables every person in New Zealand to acquire the skills and knowledge they need to advance their wellbeing through education and employment. Importantly, we make sure that the system reflects and delivers to New Zealand's growing diversity and engages those who are currently under-served.

Delivering on our purpose requires us to continually understand the changing needs of learners, employers and communities. We use this insight to shape an interconnected and responsive system that delivers world-class education, training and research.

Tō mātou wawata

Our vision

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

Skills and knowledge will provide our industries and communities with the resilience to adapt and prosper in changing times. When everyone is on a lifelong learning path, their participation will fuel innovation, drive economic growth and promote social mobility.



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Tauākī Whakamaunga Atu

Statement of Responsibility

This Statement of Performance Expectations 2024/25 is produced in accordance with the requirements of sections 149B to 149M of the Crown Entities Act 2004.

We take responsibility for the statement's content, including the assumptions used in preparing the forecast financial statements and the other required disclosures. We will not update these prospective financial statements following their publication.

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

We certify that the information contained in this Statement of Performance Expectations 2024/25 is consistent with the appropriations contained in the Estimates of Appropriations for the year ending 30 June 2025. These were laid before the House of Representatives under section 9 of the Public Finance Act 1989.

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



Dr Wayne Ngata
Acting Board Chair

Tertiary Education Commission

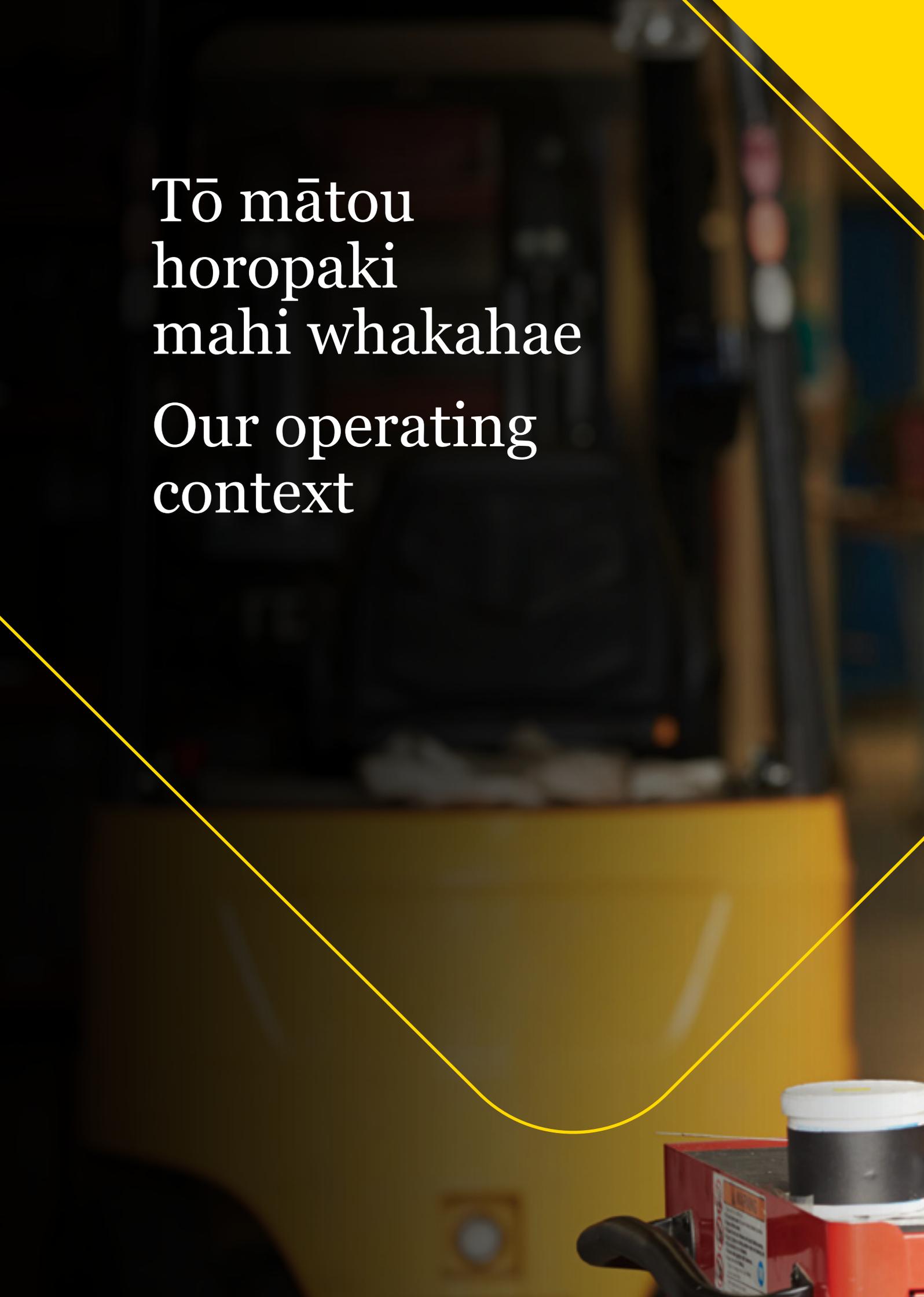
10 June 2024



Dr Alastair MacCormick
Chair

Whatitata Whakau –
Risk and Assurance Committee
Tertiary Education Commission

10 June 2024



Tō mātou
horopaki
mahi whakahaē

Our operating
context



Ka whakatakoto tēnei Tauākī Whāinga Mahi i ō tātou whāinga mahi mō te tau 2024/25

This Statement of Performance Expectations sets out our performance expectations for 2024/25

It provides:

- › a base against which performance can be assessed
- › an explanation of how performance will be assessed
- › forecast financial statements for the 2024/25 financial year.

Our medium-term strategic intentions are described in our Statement of Intent 2022/23 – 2025/26 [tec.govt.nz/corporate-publications].

We are the 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 under the Crown Entities Act 2004. We are governed by a Board of Commissioners appointed by the Minister of Education.

We lead the Government's relationship with the tertiary education and training sector in New Zealand and, as New Zealand's careers agency, provide careers services from education to employment. We are also New Zealand's lead careers agency and 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 investment in the tertiary education system supports more than 700 tertiary education organisations across New Zealand to provide all forms of post-secondary school education, including foundation education, vocational education and training, and higher education (including research).

Our investment helps to ensure a network of provision that meets the needs of different learners and communities.

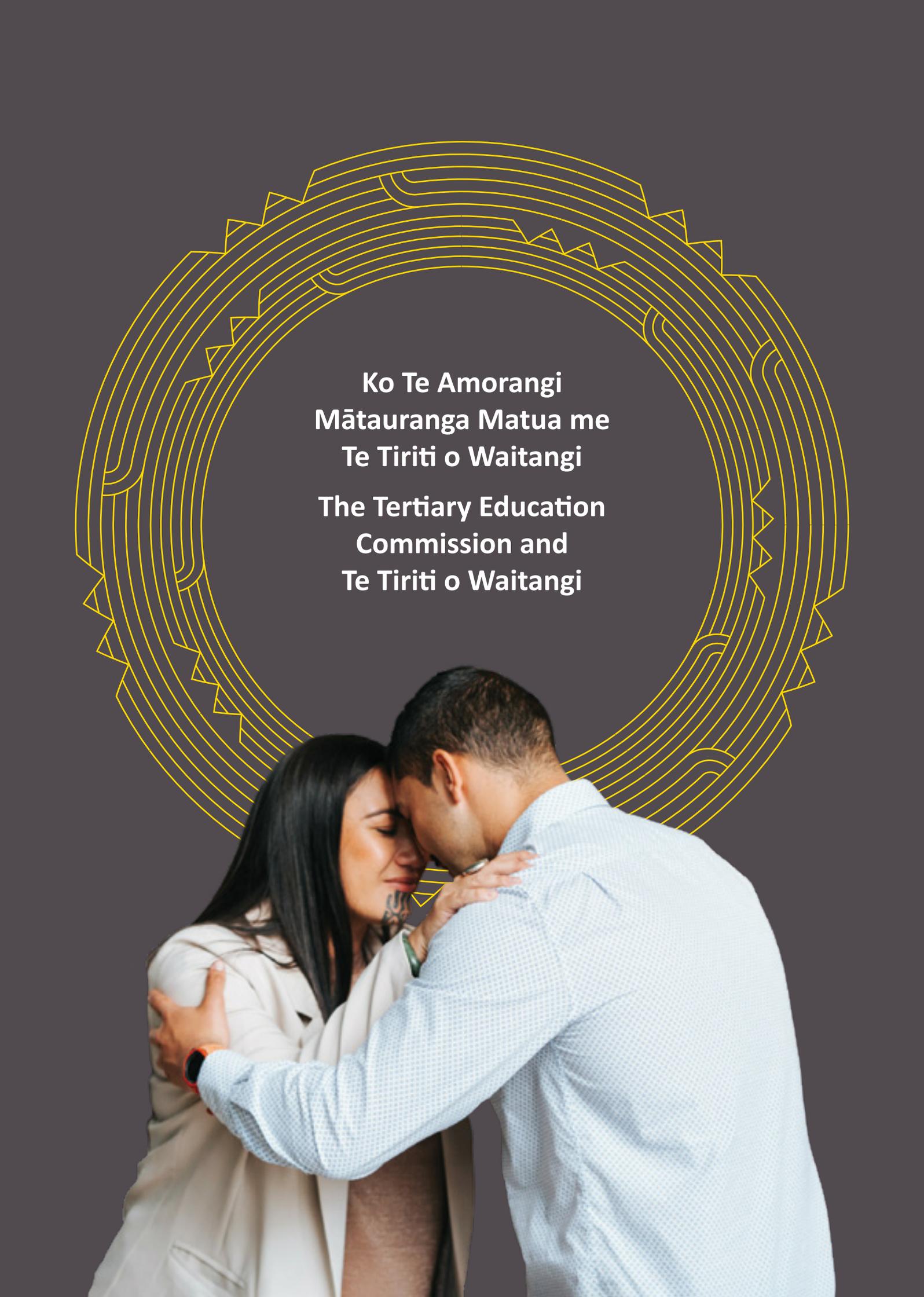
Our statutory functions are set out in the Education and Training Act 2020

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 relationships. 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.

A young man and woman are shown in a close embrace, nearly kissing. The woman has long dark hair and a tattoo on her neck. The man is wearing a light blue patterned shirt. Behind them is a large, decorative circular graphic composed of multiple concentric, overlapping lines in a golden-yellow color, creating a textured, woven appearance. The background is a solid dark grey.

**Ko Te Amorangi
Mātauranga Matua me
Te Tiriti o Waitangi
The Tertiary Education
Commission and
Te Tiriti o Waitangi**

**The Tertiary Education Commission (TEC)
recognises and affirms our responsibility
to give effect to Te Tiriti o Waitangi:**

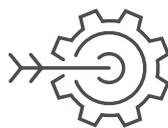
We will work in partnership with iwi, wānanga,
Māori communities and Māori organisations.

The needs and aspirations of Māori learners,
their whānau and communities will be met
through all we do.

Mātauranga Māori will be strengthened in
the tertiary education system, and te reo
Māori will be supported to grow and thrive
as a taonga in Aotearoa.

Ō mātou takunetanga

Our strategic intentions



**The Tertiary Education Commission (TEC)
will continue to focus on our contribution to
achieving the Government’s priorities and
delivering our core functions.**

As the 2024/25 year progresses, we will review
and update our performance information
and appropriation measures to reflect the
Government’s expectations and direction.

We will work closely with the Ministry of Education to develop the required policy changes and will prioritise the implementation of all operational elements relating to the following Government priorities:

Disestablishing Te Pūkenga and re-establishing locally focused provision.

Redesigning the Vocational Education and Training (VET) funding system.

Transitioning from a first-year Fees Free policy to offering a final-year Fees Free policy scheme from 2025.

We will support the:

University and Science System Advisory Groups.

We will continue to deliver on our core functions and statutory obligations, which include:

Funding and monitoring the performance of tertiary education organisations.

Providing occupational and educational information to build links between schools, tertiary providers, employers and communities, to ensure learners are ready for work and further study.

Creating a tertiary education and careers system that responds to every learner's needs and where all learners can succeed.

An amendment has been added to our Statement of Intent 2022/23 – 2025/26 to reflect our focus in 2024/25 on contributing to the achievement of the Government's priorities [tec.govt.nz/corporate-publications]. We will be producing a new Statement of Intent for 2025/26 – 2028/29.

Our investment function

The Tertiary Education Commission (TEC) is the Government's key agency for investment in tertiary education and careers services. We lead the Government's relationship with the tertiary education sector in New Zealand and have statutory responsibility for funding and monitoring tertiary education organisations.

The TEC's investment in the tertiary education system is driven by the Tertiary Education Strategy (TES). Investment priorities are formed through a range of engagements, advice and information. They reflect the TES, government priorities, TEC focus areas, and advice from industry, employers and regional information sources.

We give effect to the TES through our investment function, under which we determine which providers get how much funding, and from which funds.

Each year we publish guidance on what should be included in requests for funding (Investment Plans) and the criteria we will use for assessing them. An Investment Plan tells us about the provider, their planned delivery, their performance commitments, and how they will support learner success and equity of outcomes.

We make investment decisions by considering a range of factors such as provider performance, financial viability and spread of provision.

Our monitoring role

To ensure TEC is investing responsibly, and to protect learners' interests, we monitor all funded tertiary education providers. Our monitoring includes checking that providers are complying with funding rules, assessing providers' financial viability, and monitoring New Zealand's overall network of provision.

The TEC is also responsible for monitoring the operation and long-term viability of New Zealand's public tertiary providers – universities, wānanga and Te Pūkenga. These institutions form the core of New Zealand's public tertiary education system – meaning a risk to their operation or viability presents both a fiscal risk to the Crown and a risk to New Zealand's public network of tertiary education.

The TEC undertakes comprehensive monitoring of the financial performance and sustainability of these institutions. Due to the Crown's ownership interest, the TEC also assesses these institutions' requests to exercise powers such as borrowing commercially or disposing of assets, and maintains a view of their capital plans and capital asset management capability. We also regularly assess governance capability across the sector and use these assessments to support the Minister in making appointments to the councils of institutions.

Where institutions are at risk, the TEC can intervene or advise the Minister to intervene to ensure risks are addressed.

We support New Zealanders by delivering quality careers information

The Tertiary Education Commission (TEC) is New Zealand's careers agency. We have a legislative role to provide occupational and educational information and to build links between schools, tertiary providers, employers and communities, to ensure learners are ready for work and further study.

To deliver on this role, we have developed a range of careers initiatives that support New Zealanders, from school to retirement, with information to help them understand and navigate the world of work and training.



Tahatū is our new interactive careers website. It provides a personalised experience to help people make choices about what career they might like and find pathways to achieve it. With an extensive occupation database that links more than 800 jobs to NCEA school subjects and the New Zealand Qualifications and Credentials Framework, Tahatū seamlessly enables users to navigate the school-to-work-and-training pathway. The pilot for Tahatū began in early 2024, and a progressive rollout to secondary schools is planned. Ongoing development will broaden the tools and resources on Tahatū to reach mid-career changers and other audiences such as employers.

inspiring the future Aotearoa

Inspiring the Future continues to connect children from ages seven to 13 with volunteer role models from the world of work. Over 1,000 role models are now live on the site and, through a standardised event format, can help broaden career horizons for young students, paving the way for deeper secondary-school career conversations.

As a leader of the National Careers System Strategy, the TEC works collaboratively with careers industry groups, the private and community sector, and government agencies, to implement the strategy and its action plan. The priority workstreams focus on a series of actions to build the visibility, quality and accessibility of careers information, advice and guidance that will support people to make career decisions and transitions, and develop a lifelong, integrated careers system that all New Zealanders can access.



Achieving equity of educational outcomes is critical to meeting New Zealand's future skill needs

We are committed to creating a tertiary education and careers system that responds to every learner's needs and where all learners can succeed. Currently, there are barriers to participation and success for many, including Māori, Pacific, disabled and low-income learners.

Internationally, tertiary education organisations and systems that have made material progress in improving achievement for under-served groups of learners have used a 'learner success' approach. Effective investment in learner outcomes requires an intentional, sustained and whole-of-organisation commitment to putting learners at the centre.

The system and providers need to change if we are to achieve equity of outcomes and financial sustainability.

Based on overseas evidence, the TEC developed and tested a Learner Success Framework for New Zealand in collaboration with the tertiary sector. Our learner success approach asks tertiary education providers to fundamentally change their operating models to put learners and their whānau at the centre. Through our investment, monitoring and system-stewardship functions, we are supporting tertiary education providers as they design and implement their learner-centric operating models. These approaches will not only support a more equitable tertiary system for all learners, they will also deliver significantly more qualified workers into the labour market.

We are part of the wider education sector that works together to shape the education system for better outcomes

Together, we all contribute to a strong education system and improve the connections between learning and work.

The TEC works with all cross-government and private enterprise organisations that help us to deliver information and services to customers and providers. Key partners include the Ministry of Education (MoE), Ministry of Business, Innovation and Employment (MBIE), Ministry of Social Development (MSD), Education New Zealand (ENZ) and the New Zealand Qualifications Authority (NZQA).

We work with public and private entities across Aotearoa New Zealand to ensure the tertiary education and careers systems are responsive to regional and national needs. This includes the Career Development Association of New Zealand (CDANZ), Careers and Transition Education Association NZ (CATE), Business New Zealand, chambers of commerce, economic development agencies, industry peak bodies and employers in regions across Aotearoa New Zealand.

The Tertiary Education Strategy

The Tertiary Education Strategy (TES) sets out the Government's long-term strategic direction for tertiary education, including economic, social and environmental goals, and the development aspirations of Māori and other population groups.

The TEC is required by the Education and Training Act 2020 to give effect to the TES.

For more information about the TES, see The Statement of National Education and Learning Priorities (NELP) and the Tertiary Education Strategy (TES) [www.education.govt.nz/our-work/overall-strategies-and-policies/the-statement-of-national-education-and-learning-priorities-nelp-and-the-tertiary-education-strategy-tes]



Vote Tertiary Education appropriations

This table shows how the Vote Tertiary Education appropriations, which we are responsible for reporting against, align with the Tertiary Education Strategy (TES) objectives. While some appropriations could be aligned to several TES objectives, we have focused on showing key links.

An appropriation is a sum of money authorised by Parliament for a particular use. Appropriations enable us to invest in tertiary education and to support the tertiary education and careers systems.



Vote Tertiary Education appropriations

Tertiary Education Strategy objectives

Barrier-free access	Learners at the centre	Quality teaching & leadership	Future of learning & work	World-class inclusive public education
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TEC supports the tertiary education and careers systems through these operational appropriations

Administration of and Support for the Tertiary Education and Careers Systems	✓	✓	✓	✓	✓
Vocational Education Data System		✓		✓	

TEC invests in tertiary education and training through these grants funding appropriations

Centres of Research Excellence			✓	✓	✓
Fees Free Payments	✓	✓			
Strategic Support for National and Regional Priorities		✓		✓	
Support for Wānanga	✓	✓	✓	✓	✓
Tertiary Education Research and Research-Based Teaching			✓		✓
Tertiary Scholarships and Awards			✓		
Tertiary Sector / Industry Collaboration Projects			✓	✓	✓
Tertiary Tuition and Training (Multi-category appropriation)	✓	✓	✓	✓	✓
Workforce Development Councils			✓	✓	✓

We also receive grants funding from the Vote Education appropriation 'Secondary-Tertiary Interface'. The Ministry of Education is responsible for reporting performance information against this appropriation.



We will spend over

\$3.8 billion

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

This document sets out the Vote Tertiary Education and Vote Education appropriations that we are responsible for reporting against. It shows the amount we are budgeted to spend through each appropriation in 2024/25 and the measures we will use to track progress towards achieving the intention of each appropriation.

Throughout this document we have identified the measures that we are responsible for. These measures reflect our role in implementing policy.

We have also identified the measures we contribute to through investment in the tertiary education sector. These measures focus on policy outcomes. The results of these measures are impacted by other factors, including the economy, unemployment and labour participation rates.

<p>(R) TEC is responsible for the result of this measure</p>	<p>Desired trend symbols are used to indicate what we want to see happen to the performance result in the future.</p>			
<p>(C) TEC contributes to the result of this measure</p>	 Increase	 Decrease	 Maintain or increase	 Maintain



These appropriations support the tertiary education and careers systems

Administration of and Support for the Tertiary Education and Careers Systems

\$78.0 million

Vocational Education Data System

\$7.9 million

We use these appropriations
to invest in tertiary education

Tertiary Tuition and Training

\$3,089.2 MILLION



Fees Free Payments

\$129.6
million

Tertiary Education Research and Research-Based Teaching

\$315.0
million

Strategic Support for National and Regional Priorities

\$83.8
million

Workforce Development Councils

\$65.0
million

Centres of Research Excellence

\$49.8
million

Secondary-Tertiary Interface

\$32.4
million

Support for Wānanga

\$24.0
million

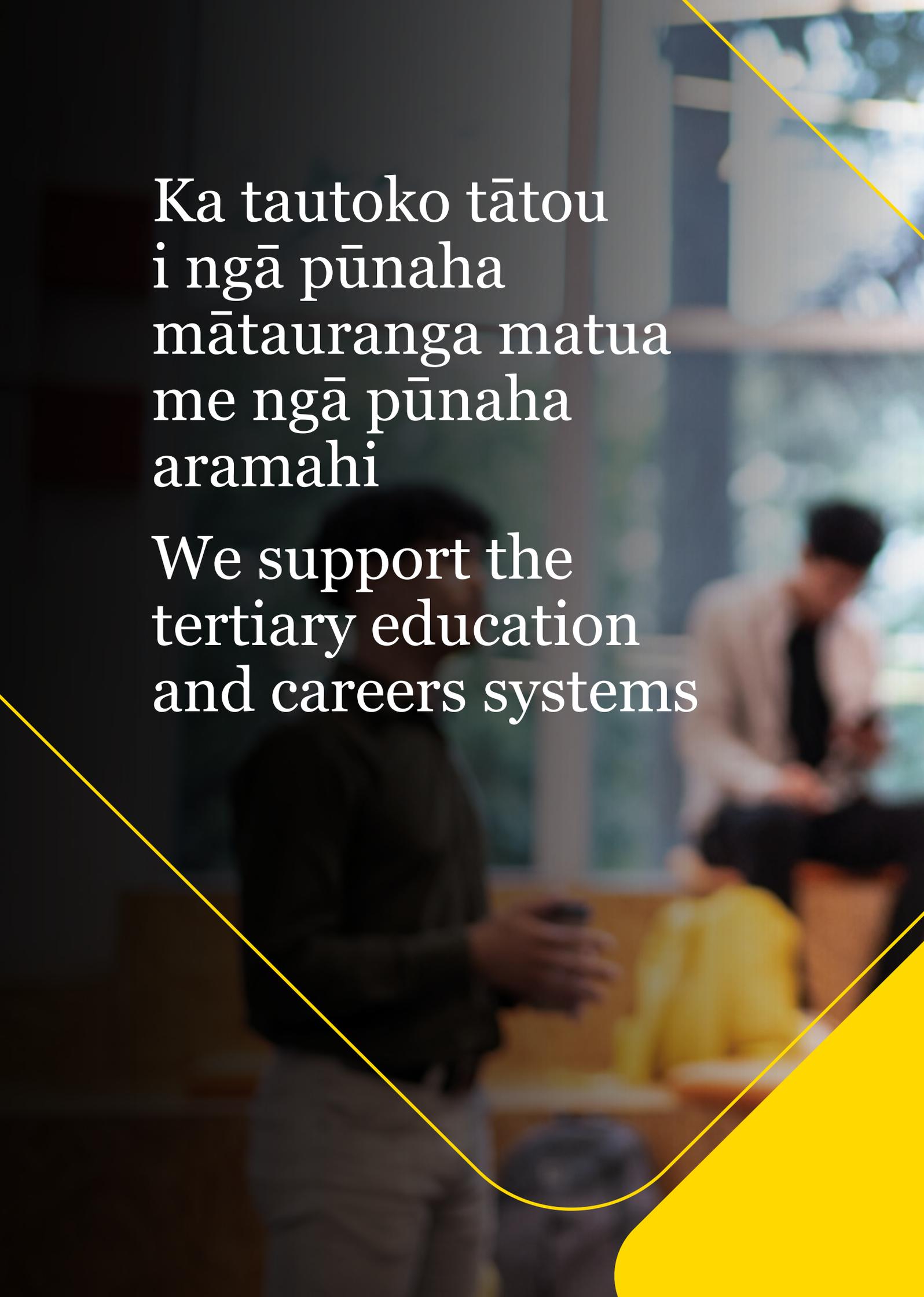
Tertiary Scholarships and Awards

\$20.7
million

Tertiary Sector/ Industry Collaboration Projects

\$17.4
million





Ka tautoko tātou
i ngā pūnaha
mātauranga matua
me ngā pūnaha
aramahi

We support the
tertiary education
and careers systems



Mā tā tātou nopenope ā-mahi e āhei ai tātou te tautoko i ngā pūnaha mātauranga matua me ngā pūnaha umanga

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

We lead the Government’s relationship with the tertiary education sector and provide careers information for all New Zealanders.

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
- › determining and allocating the amount of funding to TEOs.

As part of giving effect to the Tertiary Education Strategy, the TEC also has a role in building the capability of TEOs. We maintain a database of occupations, qualifications, articles and tools at careers.govt.nz. We also engage with industry and employers to strengthen the pathways from education to employment.



Ngā rohenga pūtea kāwanatanga mā te Mātauranga Matua

Vote Tertiary Education appropriations

Administration of and Support for the Tertiary Education and Careers Systems

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

This appropriation is intended to achieve effective and well-managed tertiary education and careers systems.

See page 68
for financial
information.

How we will assess performance

(R) TEC is responsible for the result of these measures

Our operational measures are linked to our statutory functions as set out in the Education and Training Act 2020 and to our core processes.

Provide information and services to help career seekers prepare to move to work or further study. Collect and provide information about study and work options

Measure	30 June 2025 Target	2023/24 Estimated Actual	2022/23 Actual	Desired trend
Inspiring the Future (Notes 1,2 and 3)				
› Number of completed events online and in person	390	290	216	▲
› Number of unique school sign-ups	445	358	246	▲

Note 1 – Inspiring the Future (ItF) is a programme to connect children aged 7–13 with volunteer role models from the world of work, through fun and inspiring online or in-person events. ItF is designed to broaden career horizons by sharing relatable stories on career options and pathways.

Note 2 – The figures in this table are cumulative (ie, the 290 estimated completed events in 2023/24 include the 216 events completed in 2022/23). We are working towards achieving the target figures by 30 June 2025.

Note 3 – During 2023/2024, we have changed the methodology for calculating the measure results for ItF to align with platform changes. The change in methodology also means that the 2025 targets have been reset. Figures above follow the updated methodology and will differ from figures provided in our Statement of Performance Expectations 2023/24 which were based on the old methodology.

Measure	2024/25 Target	2023/24 Estimated Actual	2022/23 Actual	Desired trend
Percentage of careers system stakeholders who agree that our online information and tools are useful	At least 86%	At least 86%	86%	

Measure (trend information only)		2022/23 Actual	2021/22 Actual	2020/21 Actual	2019/20 Actual
Percentage of people seeking to make a learning or work decision that agree the information and tools provided by the TEC assisted that decision	Learning decision	74%	77%	76%	66%
	Work decision	72%	66%	75%	50%

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

Measure		2024/25 Target	2023/24 Estimated Actual	2022/23 Actual	Desired trend
Percentage of payments the TEC makes to tertiary education organisations that are made within agreed timeframes		At least 99.5%	At least 99.5%	99.98%	
Percentage of tertiary education institutions’ council members and support staff attending our governance seminars or webinars, who agree that they gained relevant knowledge to apply to their work		At least 97%	At least 97%	100%	
Percentage of tertiary education organisations that agree that engagement (face-to-face, phone and email) with the TEC was useful	Face-to-face	At least 77%	At least 77%	77%	
	Phone	At least 69%	At least 69%	69%	
	Email	At least 63%	At least 63%	63%	
The satisfaction rating given by the responsible Minister on the TEC’s monitoring advice related to tertiary education institutions (Notes 1 and 2)		At least 7 out of 10	At least 7 out of 10	6 out of 10 (Note 2)	

Note 1 – The survey rating measures the responsible Minister’s satisfaction with the quality of advice on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.

Note 2 – The 2023/24 survey question asked of the Minister included reference to advice related to Te Pūkenga. As the Government has committed to begin disestablishing Te Pūkenga as part of its 100-day plan, specific reference to Te Pūkenga has been removed from this measure in 2024/25. Nevertheless, Te Pūkenga is classified as a tertiary education institution so remains covered by this measure until any disestablishment.

Measure	2024 Target (Note 2)	2023 Estimated Actual (Note 2)	2022 Actual (Note 3)	Desired trend
The right amount of funds are allocated to the right areas (Note 1):				
› Percentage of available funding invested	98.4%	98.4%	100.5%	↕
› Recovered funding as a percentage of total funding invested	3.5%	4.2%	3.3%	▼

Note 1 – These two measures assess whether the right amounts of funds were allocated to the right areas, meaning there are no missed investment opportunities. The methodology for calculating these results has changed as a new funding system was introduced from 1 January 2023. See Notes 2 and 3 below for details.

Note 2 – The 2023 Estimated Actual figures are preliminary calculations as at 1 February 2024. The 2023 calendar year results and the 2024 target for this measure are calculated using delivery of qualifications at Levels 3 to 7 (non-degree) and all industry training up to level 7 on the New Zealand Qualifications and Credentials Framework (NZQCF), delivery on the NZQCF at Levels 7 (degree) and above, Youth Guarantee, and delivery on the NZQCF at Levels 1 and 2.

Note 3 – The 2022 Actual figures are based on these Funds: Student Achievement Component (SAC) Levels 1 to 2, SAC Levels 3+, Youth Guarantee, and Industry Training Fund.

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 our 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 learners' interests.

What we want to achieve:

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

We will provide information about the assessment of organisations during the financial year, both as a narrative under this appropriation and in the monitoring section of TEC's annual report.

Prior year information:

The TEC received and reviewed financial information from all tertiary education institutions. Of the 219 private training establishments (PTEs) with over \$50,000 of funding in 2023, TEC has received and reviewed financial information from 205. Six of the 14 PTEs overdue in submitting the required information to the TEC provided their last financial report but their forecast is outstanding.

WDCs' audited annual reports for the period ending 30 June 2023 were provided by the end of December 2023. The TEC has reviewed all six annual reports and the operating budgets up to 30 June 2023. At the end of April/beginning of May 2023, the TEC also reviewed the five-year forecasts for the WDCs until the 2026/2027 period.

Strengthen the connections from education to employment

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

Plan Guidance describes the information that 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.

Prior year information:

For the 2024 investment year, the WDCs and Regional Skills Leadership Groups (RSLGs) provided investment advice to the TEC. We received this advice in December 2022 and April 2023.

Initial thematic advice which informed broader priorities was published in TEC's Plan Guidance for providers submitting Plans for funding from 1 January 2024 [Link: <https://www.tec.govt.nz/assets/Forms-templates-and-guides/Plan-guidance-and-toolkit-2024/Plan-Guidance-for-2024-FINAL-PDF.pdf>].

Advice covering specific areas of provision to change (increase/decrease) was later published as targeted priorities in TEC's Supplementary Plan Guidance for providers submitting Plans for funding from 1 January 2024 [Link: <https://www.tec.govt.nz/assets/Forms-templates-and-guides/Plan-guidance-and-toolkit-2024/2023-06-19-Supplementary-Plan-Guidance-for-2024-revised.pdf>].

These priorities formed part of the assessment criteria that TEC used to assess Investment Plans, additional funding requests and Strategic Component Fund applications, for 2024 investment.

Disclosure: No RSLGs' advice for investment beyond 2025 will be received as RSLGs were disestablished in 2024. Advice to inform 2025 investment was received before RSLGs were disestablished.

Encourage and reward research excellence

Disclosure: The Government announced the establishment of the University Advisory Group (UAG) which will consider the effectiveness of the current university system in supporting excellence in teaching and research. This work also includes looking at the Performance-Based Research Fund (PBRF), ways to best achieve equity for all learners, including Māori, Pacific, and disadvantaged learners, and the role of international education. Because of this, the Minister has decided that the PBRF Quality Evaluation 2026 will not take place. Consequently, the 2026 PBRF Quality Evaluation measure has been retired.

Design tertiary education and careers systems that are capable of delivering on equity

Measure (trend information only)	2023 Actual	2022 Actual
Percentage of tertiary education institutions that are delivering on the milestones in their Learner Success Plans (Notes 1, 2 and 3)	75%	See narrative below (Note 3)

Note 1 – 2023 Learner Success Plans (LSPs) are part of the Investment Plans for 2024 funding of tertiary education organisations (TEOs).

Note 2 – In 2022 we reported on the number of TEOs that have LSPs. We have changed this to reporting the percentage of tertiary education institutions (TEIs) that are delivering on the milestones in their LSPs. The reason for this change is that it more meaningfully reports on the progress being made on delivering LSPs and we have focussed on TEIs at this stage as they have the most significant gaps for Māori and Pacific learners and are where the biggest gains can be made.

Note 3 – As 2022 was the first year that LSPs included progress milestones, we did not have data on who is delivering on their milestones until 2023 calendar year results were finalised. In 2022, TEIs made progress against their milestones.

Disclosure: The measure relating to the number of TEOs who have an LSP has been retired as the number of TEOs with LSPs is likely to be static in the foreseeable future. The focus going forward is on reporting on the progress TEIs are making against their desired outcomes and milestones set out in their LSPs.



Advise the Minister on tertiary education organisations and sector performance and on the operational impact of policy

Measure	2024/25 Target	2023/24 Estimated Actual	2022/23 Actual	Desired trend
The overall satisfaction rating given by the responsible Minister on the Tertiary Education Commission (Note 1)	At least 7 out of 10	At least 7 out of 10	8 out of 10	
System review learnings are shared with the responsible Minister and the sector (Note 2)	Achieved	See narrative (Note 3)	See narrative (Note 4)	Continue to achieve
The satisfaction rating given by the responsible Minister on the TEC’s advice related to the careers system (Note 1)	At least 7 out of 10	At least 7 out of 10	6 out of 10	

Note 1 – The survey rating measures the responsible Minister’s satisfaction with the quality of advice on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.

Note 2 – This measure reports on the sharing of topic-based (non-tertiary education organisation-specific) reviews that help the TEC perform its role as steward of the system.

Note 3 – To date this financial year (2023/24) we have undertaken two system reviews, one on adjusting recognised prior learning in student management systems and one on provider compliance in the Employer-led Workplace Literacy and Numeracy Fund (EVLN). Learnings from both reviews have already been shared with the sector via TEC monitoring updates and direct engagement with specific tertiary education organisations. We also have a system review underway into secondary school compliance in the Gateway Fund.

Note 4 – During 2022/23 we undertook two system reviews, one on Fees Free reporting for ‘zero fees’ courses and one on charging learner fees following the end of the Targeted Training and Apprenticeship Fund. Learnings from both reviews have already been shared with the sector via TEC monitoring updates and direct engagement with specific tertiary education organisations.

Vocational Education Data System

This appropriation is limited to providing capital to the Tertiary Education Commission for the development and delivery of an information technology system to support the implementation of a unified funding system for the vocational education system.

See page 69
for financial
information.

This appropriation is intended to enable the development of a robust information technology system to support the delivery of vocational education.

How we will assess performance

(R) TEC is responsible for the result of this measure

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

Measure:

The development of information technology capability to support the reporting of how vocational education is progressing.

Completion and implementation of a long-term technical solution to provide a more flexible data collection and reporting system is a multi-year project.

What we want to achieve:

We want to modernise the way we collect, keep, use and share data, and future-proof the TEC's investment and monitoring data ecosystem across the entire tertiary sector. This better places us to respond to future funding system changes, while supporting our two core functions – investment and monitoring.

The second phase involves standardising processes for collecting provider-based and work-based data from tertiary education organisations (TEOs).

Information about completing the second phase of this programme will be provided as a narrative under this appropriation in the TEC's annual report.

Prior year information:

In 2022/23, we continued designing and building the strategic solution in conjunction with TEOs and their student/trainee management system vendors.

Disclosure: The wording of this measure, and what we want to achieve, has been updated to more clearly reflect the broad nature of this programme of work and its impacts across the tertiary sector.

Ka tuku haumi
tātou ki te
mātauranga
matua

We invest in
tertiary education





**Ka tuku putea mātou
mō ngā momo
kaupapa mātauranga,
whakangungu katoa,
me ērā kaupapa e hono
ai ngā kura taurua ki te
mātauranga matua**

**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.

The following sections show the amount we will spend through each appropriation in 2024/25 and the measures we will use to track progress towards achieving the intention of each appropriation.

Achievement of the desired trend shifts we are working towards is also influenced by the work of other government agencies and the state of the economy and labour market.

Financial year forecasts, targets and results are shown as 2022/23, 2023/24 and 2024/25. Calendar year forecasts, targets and results are shown as 2022, 2023 and 2024.





Ngā rohenga pūtea kāwanatanga mā te Mātauranga Matua

Vote Tertiary Education appropriations

Centres of Research Excellence

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

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

See pages 70 and 71 for financial information.

How we will assess performance

Ⓒ TEC contributes to the result of these measures

Measure	2024 Target	2023 Estimated Actual	2022 Actual	Desired trend
Total number of doctoral students aligned to the Centres of Research Excellence, completing qualifications during the current funding period (Note 1)	180 ±5%	170	192	

Note 1 – The current funding round for Centres of Research Excellence (CoREs) runs from 1 July 2021 to 31 December 2028.

Fees Free Payments

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

This appropriation is intended to support participation and achievement in tertiary education by reducing the cost of study for those who complete their qualifications.

See pages
70 and 71
for financial
information.

How we will assess performance

Ⓒ TEC contributes to the result of these measures

Fees Free – All learners

Measure	2024 Target	2023 Estimated Actual	2022 Actual	Desired trend
Average fees-free payments (including GST) received by first-year Fees Free learners (Note 1)	At least \$6,255.89	\$6,255.89	\$6,795.98	

Note 1 – The performance measure for Fees Free is the average benefit to the learner from fees-free payments. This is the fee payment for education or training that they no longer need to meet through their own finances or from student support. As fees charged by tertiary education organisations to learners are inclusive of GST, this average fee payment figure also includes GST.

Measure (trend information only)	2023 Estimated Actual	2022 Actual	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Number of fees-free first-time learners (Note 1)	47,395	33,852	38,717	42,868	47,087	47,019

Note 1 – The total number of first year learners receiving Fees Free payments decreased in 2020, 2021 and 2022 due to the introduction of the Targeted Training and Apprenticeship Fund (TTAF). As TTAF funding ceased at the end of 2022, the number of first-year learners receiving fees-free payments has significantly increased.

Disclosure: The Fees Free scheme is transitioning from a first-year Fees Free payment to a final-year Fees Free payment from 2025. The measure above relates to learners undertaking their study under the original policy settings (first-year learners in the 2024 calendar year), before the policy changes from 2025. The Fees Free measures in our Statement of Performance Expectations 2025/26 will reflect the policy change and relate to learners undertaking their final year of study to complete their qualifications in the 2025 calendar year.

Strategic Support for National and Regional Priorities

This appropriation is limited to supporting the tertiary education sector to respond to national and regional priorities, including maintaining and developing innovative programmes of learning.

See pages 70 and 71 for financial information.

This appropriation is intended to support the tertiary sector to make progress against Government strategies and priorities, including the objectives of the Reform of Vocational Education and the outcomes of Maihi Karauna.

How we will assess performance

C TEC contributes to the result of these measures

Measure	2024/25 Target	2023/24 Estimated Actual	2022/23 Actual	Desired trend
Regional and national skills priorities, based on advice from Workforce Development Councils (WDCs), Regional Skills Leadership Groups (RSLGs) and iwi Māori are available to inform investment decisions	Achieved	Achieved	Achieved	Continue to achieve

Disclosure: No RSLG’s advice for investment beyond 2025 will be received as RSLGs were disestablished in 2024. Advice to inform 2025 investment was received before RSLGs were disestablished.

Measure	2024 Target	2023 Estimated Actual	2022 Actual	Desired trend
Reports from strategic component funded organisations show progress towards meeting national and regional skills priorities (Notes 1 and 2)	Achieved	Achieved	Not applicable	Continue to achieve

Note 1 – This performance measure initially applied to private training establishments only. As the Government has committed to begin disestablishing Te Pūkenga as part of its 100-day plan, the original measure related to it has been retired (see disclosure note below). Consequently, we have expanded this measure to include all organisations that receive strategic component funding. As Te Pūkenga receives this funding, information on progress towards meeting regional and national skills priorities will be covered by this measure until any disestablishment. Funding objectives and progress milestones will be identified, monitored and reported on as part of ongoing reporting.

Note 2 – We will work with wānanga to allocate programme development and maintenance funding. Reporting on this funding will not be included under this measure. It will be included in wānanga annual reports, which are reviewed against milestones and key performance indicators set in Investment Plans and reported under the Support for Wānanga appropriation.

Disclosure: As the Government has committed to begin disestablishing Te Pūkenga as part of its 100-day plan, the Te Pūkenga measure relating to meeting charter obligations and meeting national and regional skills priorities, has been retired. Information related to progress being made towards meeting national and regional skills priorities will be reported on under the expanded measure above (see Note 1).

Ⓒ TEC contributes to the result of this measure

Tahua o Te Reo Kairangi

Measure:

New or existing programmes or projects targeting higher levels of te reo Māori proficiency are developed and implemented.

Tahua o Te Reo Kairangi is a fund that supports the development of new or existing programmes targeting higher levels of te reo Māori proficiency, with the aim of:

- › growing the number of highly proficient te reo Māori speakers
- › supporting sector workforce capabilities.

Te Tahua o Te Reo Kairangi will contribute to the Government's goals and strategies for te reo Māori language education as articulated in Maihi Karauna, Tau Mai Te Reo and the Tertiary Education Strategy.

What we want to achieve:

Funded projects demonstrate growth of intergenerational language transmission and help build a workforce that is proficient in te reo Māori, especially within the education workforce.

We will provide information about the programmes/projects funded in 2024/25 as a narrative under this measure in our annual reports.

Prior year information:

Two application rounds were held in 2023, one in April and the other in October. We approved the full available amount of \$2 million in funding to go out in the first half of 2023. We also approved \$4,291,231 in funding, across the next three years – 2024, 2025 and 2026. Examples of projects funded will be provided under this measure in our 2023/24 annual report.



Support for Wānanga

This appropriation is limited to supporting wānanga in the tertiary education system to undertake teaching and research that maintains, advances and disseminates knowledge regarding āhuetanga Māori according to tikanga Māori.

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
70 and 71
for financial
information.

How we will assess performance

Ⓒ TEC contributes to the result of this measure

Measure	2024 Target	2023 Estimated Actual	2022 Actual	Desired trend
Wānanga annual reports are reviewed and appropriate action is taken (Note 1)	Achieved	Achieved	Achieved	Continue to achieve

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.

Tertiary Education Research and Research-Based Teaching

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

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 70 and 71 for financial information.

How we will assess performance

Ⓒ TEC contributes to the result of these measures

Performance-Based Research Fund

Measure	2024 Target	2023 Estimated Actual	2022 Actual	Desired trend
Postgraduate Research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions (Note 1))	Previous year actual ±5%	Previous year actual ±5%	3,866	↕
Percentage increase in amount of external research income for PBRF-eligible providers (Note 2)	3-5%	3-5%	4.7%	↕

Note 1 – Postgraduate research degree completions is a measurement of the number of PBRF-eligible postgraduate research-based degrees completed in participating tertiary education organisations, assessed on an annual basis.

Note 2 – The External Research Income is a measurement of the amount of income for research purposes received by participating tertiary education organisations from external sources, assessed on an annual basis.

Tertiary Scholarships and Awards

This appropriation is limited to providing scholarships and other awards in the tertiary sector to students, researchers and teachers, within New Zealand and internationally.

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

We are only responsible for two components of this appropriation. The Ministry of Education is responsible for the other components. We are responsible for:

- › Trainee Medical Intern Grant
- › Tertiary Teaching Awards.

An exemption was granted under section 15D(2)(b)(ii) of the Public Finance Act 1989, as additional performance information is unlikely to be informative because this appropriation is solely for payments of Tertiary Scholarships and Awards under the Education and Training Act 2020.

See pages
70 and 71
for financial
information.



Tertiary Sector / Industry Collaboration Projects

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

This appropriation is intended to support the development of knowledge and skills that are required by learners and employers, with a focus on Tertiary Education Strategy priorities.

See pages 70 and 71 for financial information.

How we will assess performance

C TEC contributes to the result of these measures

Māori and Pacific Trades Training

Measure	2024 Target	2023 Estimated Actual	2022 Actual	Desired trend
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 (Notes 1 and 2)	39%	41.06%	44.61%	(Note 2)

Note 1 – Māori and Pacific Trades Training (MPTT) funding is split between two appropriations: the Tertiary Sector/Industry Collaboration Projects and the Tertiary Tuition and Training appropriation (Category: Access to and Success in Tertiary Education). When reviewing our measures, we realised the MPTT measure of learner progression is more closely aligned with the Brokerage Success payments made under the industry collaboration appropriation than the MPTT funding under the Tertiary Tuition and Training appropriation. Consequently, we have moved the progression measure to this industry collaboration appropriation. Brokerage Success is a payment under this appropriation for the successful transition of a student into New Zealand apprenticeships or other work-based training at Level 3 or above.

Note 2 – The high 2022 and 2023 transition rates are likely due to COVID-19 and the incentives offered through the Targeted Training and Apprenticeship Fund (TTAF). With the ending of TTAF funded tuition in December 2022, we expect progression to trend downward, gradually returning to pre-COVID-19 levels of 35%–37%.

Disclosure: The three measures relating to Centres of Asia-Pacific Excellence (CAPEs) have been retired as the funding for CAPEs ceased on 24 June 2024.

Workforce Development Councils

This appropriation is limited to expenses incurred on Workforce Development Councils setting up their organisations and performing their statutory functions.

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

See pages
70 and 71
for financial
information.

How we will assess performance

(R) TEC is responsible for the results of this measure

Measure	2024/25 Target	2023/24 Estimated Actual	2022/23 Actual	Desired trend
All Workforce Development Councils have approved and funded Operational Plans in place by 30 June each year (Note 1)	Achieved	Achieved	Achieved	Continue to achieve

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

Disclosure: The measure relating to key stakeholders' priorities being communicated by Workforce Development Councils (WDCs) has been retired, as the WDC surveys providing the results for this measure will not be held in 2024/25.

Tertiary Tuition and Training

The single overarching purpose of this appropriation is to support and fund tertiary tuition and training that results in improvements in New Zealanders’ skill levels.

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

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

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

See pages 70 and 71 for financial information.

How we will assess performance

Ⓒ TEC contributes to the result of this measure

Overall measure

Measure		2024 Target	2023 Estimated Actual	2022 Actual	Desired trend
Tertiary course completion rate	Course completion rate for provider-based learners	At least 81.7%	81.7%	81.2%	
	Credit achievement rate for work-based learners	At least 72.6%	72.6%	67.0%	

Access to and Success in Tertiary Education

This category is limited to improving access to and success in tertiary education and training for learners under-served by the tertiary system, particularly those identified in the Tertiary Education Strategy.

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

How we will assess performance

R TEC is responsible for the results of this measure

Māori and Pacific enrolled in the work-based modes of delivery

Measure	2024 Target	2023 Estimated Actual	Desired trend
	Parity gap	Parity gap	
Proportion of Māori and Pacific full-time equivalent learners at Levels 3-7 (non-degree) enrolled in the work-based modes of delivery (including pathways to work) (Note 1)			
Māori (Note 2)	No more than -10.8 percentage points	-10.8 percentage points	▼
Pacific (Note 3)	No more than -14.7 percentage points	-14.7% percentage points	▼

Note 1 – This measure combines the enrolment results for two modes of delivery:

- › Work-based mode of delivery: Learners study mainly in the workplace with supported self-directed learning.
- › Work-based pathway to work mode of delivery: Learners have completed some study in the provider-based mode. Providers assist learners to find jobs with training agreements and support them to establish their learning in the workplace.

Note 2 – The equity gap measures the percentage point difference between the percentage achieved by Māori learners compared to the percentage achieved by non-Māori and non-Pacific learners.

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

The Accelerating Learner Success Fund (Tūwhitia) is a new fund established to support learner success initiatives across the tertiary education sector.

Accelerating Learner Success Fund (Tūwhitia)

Measure:

Learner success initiatives in tertiary education organisations (TEOs) across the tertiary education sector are developed and implemented.

This new fund was established in June 2023 to more effectively support TEOs to ensure more learners are successful in tertiary education, especially under-served learners.

What we want to achieve:

We want to see TEOs meeting their initiative milestones within agreed timeframes.

We will provide information on initiatives funded and the achievement of milestones as a narrative under this measure in future annual reports.

Prior year information:

No prior year information is available as the first application round will be held in 2024.



Foundation and Community Education

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

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

How we will assess performance

Ⓒ TEC contributes to the result of these measures

Type	2024 Target	2023 Estimated Actual	2022 Actual	Desired trend
Literacy and numeracy				
Percentage of learners accessing at least the minimum desired range (hours) of provision (Note 1)				
Intensive literacy and numeracy	At least 58.6%	58.6%	55.20%	
Workplace Literacy and Numeracy (tertiary education organisation - led)	At least 62.7%	62.7%	50.10%	
English for Speakers of Other Languages	At least 92.1%	92.1%	91.05%	
Adult and Community Education in communities				
Number of Adult and Community Education learner hours	At least 1,056,032	1,056,032	1,032,857	
Youth Guarantee				
Percentage of Youth Guarantee learners completing qualifications at Levels 2 or 3	At least 63.7%	63.7%	62%	
Gateway				
Total participants and number of schools	At least 15,231 in 383 schools	15,231 in 383 schools	14,861 in 380 schools	

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

Qualification Delivery

This category is limited to funding for teaching, training and learning services that support enrolled students at tertiary education organisations to achieve recognised tertiary qualifications and credentials.

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

How we will assess performance

Ⓒ TEC contributes to the result of these measures

Provider-based learning

All learners

Measure	Level	2024 Target	2023 Estimated Actual	2022 Actual	Desired trend
Qualification completion					
Percentage of funded students completing qualifications (Note 1)	Levels 4-7 non-degree	At least 58.2%	58.2%	58.3%	↕
	Level 7 degree and above	At least 62.1%	62.1%	62.9%	↕
Course completion					
Percentage of funded students completing courses (Note 2)	Level 1-10	83.7%	81.7%	81.3%	▲
Progression					
Percentage of students progressing: Within New Zealand Qualifications Framework Levels 1-3 or from Levels 1-3 to Level 4 and above		45.6%	37.4%	38.0%	▲
Retention					
First year retention rates for qualification at:	Levels 4-7 non-degree	62.0%	52.6%	57.5%	▲
	Level 7 degree and above	79.4%	75.2%	75.8%	▲

Note 1 – 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.

Note 2 – Course completion is the proportion of course enrolments ending in a given year that have been successfully completed.

Māori and Pacific learners

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

How we will assess performance

- ③ TEC contributes to the result of these measures

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

The equity gap measures the percentage point difference between the percentage achieved by Māori learners compared to the percentage achieved by non-Māori and non-Pacific learners.

Measure	Level	Equity Gap			Desired trend
		2024 Target	2023 Estimated Actual	2022 Actual	
Qualification completion					
Percentage of funded students completing qualifications (Note 1)	Levels 4-7 non-degree	No more than -2.7 percentage points	-2.7 percentage points	-3.1 percentage points	▼
	Level 7 degree and above	No more than -14.5 percentage points	-14.5 percentage points	-14.1 percentage points	▼
Measure	Level	Equity Gap			Desired trend
		2024 TEO commitments	2023 Estimated Actual	2022 Actual	
Course completion					
Percentage of funded students completing courses (Note 2)	Levels 1-10	-7.1 percentage points	-12.2 percentage points	-13.1 percentage points	▼
Progression					
Percentage of students progressing: Within New Zealand Qualifications and Credentials Framework Levels 1-3 or from Levels 1-3 to Level 4 and above		-1.0 percentage points	+6.1 percentage points	+5.0 percentage points	▼
Retention					
First year retention rates for qualification at:	Levels 4-7 non-degree	-2.5 percentage points	-1.0 percentage points	-3.0 percentage points	▼
	Level 7 degree and above	-7.0 percentage points	-8.7 percentage points	-9.1 percentage points	▼

Note 1 – 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.

Note 2 – Course completion is the proportion of course enrolments ending in a given year that have been successfully completed.



How we will assess performance

Ⓒ TEC contributes to the result of these measures

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

The equity gap measures the percentage point difference between the percentage achieved by Pacific learners compared to the percentage achieved by non-Māori and non-Pacific learners.

Measure	Level	Equity Gap			Desired trend
		2024 Target	2023 Estimated Actual	2022 Actual	
Qualification completion					
Percentage of funded students completing qualifications (Note 1)	Levels 4-7 non-degree	No more than -2.4 percentage points	-2.4 percentage points	-3.8 percentage points	▼
	Level 7 degree and above	No more than -18.4 percentage points	-18.4 percentage points	-19.3 percentage points	▼
Measure	Level	Equity Gap			Desired trend
		2024 TEO commitments	2023 Estimated Actual	2022 Actual	
Course completion					
Percentage of funded students completing courses (Note 2)	Levels 1-10	-9.1 percentage points	-14.4 percentage points	-16.5 percentage points	▼
Progression					
Percentage of students progressing: Within New Zealand Qualifications and Credentials Framework Levels 1-3 or from Levels 1-3 to Level 4 and above		+12.3 percentage points	-0.7 percentage points	+0.8 percentage points	Maintain positive parity gap
Retention					
First year retention rates for qualification at:	Levels 4-7 non-degree	-4.2 percentage points	-6.7 percentage points	-4.6 percentage points	▼
	Level 7 degree and above	-5.4 percentage points	-9.6 percentage points	-6.9 percentage points	▼

Note 1 – 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.

Note 2 – Course completion is the proportion of course enrolments ending in a given year that have been successfully completed.

How we will assess performance

③ TEC contributes to the result of these measures

Work-based learning

Measure	2024 Target	2023 Estimated Actual	2022 Actual	Desired trend
Percentage of learners completing programmes				
All learners	At least 59.7%	59.7%	65.4%	▲
Industry Trainees	At least 63.6%	63.6%	69.6%	▲
Apprentices	At least 49.0%	49.0%	53.1%	▲
Equity gap				
	2024 Target	2023 Estimated Actual	2022 Actual	Desired trend
Māori learners (relative to non-Māori and non-Pacific learners) (Note 1)	No more than -9.2 percentage points	-9.2 percentage points	-6.8 percentage points	▼
Pacific learners (relative to non-Māori and non-Pacific learners) (Note 2)	No more than -7.1 percentage points	-7.1 percentage points	-2.3 percentage points	▼

Note 1 – The equity gap measures the percentage point difference between the percentage achieved by Māori learners compared to the percentage achieved by non-Māori and non-Pacific learners.

Note 2 – The equity gap measures the percentage point difference between the percentage achieved by Pacific learners compared to the percentage achieved by non-Māori and non-Pacific learners.

Disclosure: Vote Tertiary Education appropriations disestablished and associated measures retired

The **University-led Innovation** appropriation was disestablished, and the associated measure was retired as the appropriation funding ceased at the end of 2023/24.

The **Careers System Online** appropriation was disestablished as capital funding ceased at the end of 2022/23. Any further costs associated with building the online careers planning tool in 2023/24 were funded from the Administration of and Support for the Tertiary Education and Careers System appropriation. The measure associated with building the tool (called Tahatū) was retired as Tahatū will be in pilot by the end of 2023/24. Future information regarding Tahatū will be included in the careers narrative reporting in our annual reports.

Rohenga pūtea kāwanatanga mā te Mātauranga Matua

Vote Education appropriation

Primary and Secondary Education Multi-category appropriation

Secondary-Tertiary Interface

The Ministry of Education provides funding to us from this Vote Education appropriation to fund Trades Academies in the tertiary setting. The Ministry of Education is responsible for reporting the performance of this appropriation.

See pages
70 and 71
for financial
information.

Ngā Tauākī
Matapae Tahua

Forecast Financial
Statements





Statement of Significant Assumptions underlying the Forecast Financial Statements

Overview

We have made assumptions when preparing these forecast financial statements, including that the range and levels of service we currently provide will not change in 2024/25. What happens may differ from our assumptions. Changes to government policy, the economy, learner demographics, immigration trends and the make-up of the number and type of learning institutions within Aotearoa New Zealand will inevitably affect us and our forecast results.

Revenue

Revenue from the Crown is based on information contained in the 2024/25 Estimates of Appropriation, Vote Tertiary Education and Vote Education. In 2024/25 we plan to fully draw down our Crown revenue.

Contract – Pre-purchased English Language Tuition revenue of \$0.3 million is slightly lower than the prior year and assumes immigration levels will slightly reduce by 2024/25.

Other revenue includes \$1.2 million of contributions from tertiary education institutions towards the New Zealand Benchmarking Tool.

Interest income is based on the expected cash on hand and is budgeted to decrease as our cash on hand decreases.

Grants expenses

We forecast grants expenditure to be \$38.5 million less than baseline in 2023/24.

We are forecasting to spend \$43.7 million more than our grants baseline in 2024/25 to fund excess demand in Qualification Delivery. This overspend will be covered by our Grants Balance Sheet Mechanism Facility (BMF). We forecast our BMF will reduce from \$111.9 million to \$68.2 million by 30 June 2025.

The BMF can be used to manage cost pressures within and across financial years, including delivery of up to 102% of tertiary education organisation funding allocations, for any fund, after advising both the Minister and Ministry of Education. The facility is not limited to delivery but can also be used to fund one-off initiatives with the consent of the Minister.

Operating expenses

Personnel costs are based on:

- › established full-time equivalent (FTE) roles
- › project staff and contractors
- › other specialist contractors to cover capability or capacity requirements.

Personnel costs include an allowance for salary increases of 3%. We also make a 5% allowance for staff vacancies.

Depreciation and amortisation costs are calculated based on our current fixed assets and our proposed 2024/25 capital plan adjusted for expected software write-offs.

Other expenses are calculated using a bottom-up approach and include \$3.0 million for ongoing or scheduled operating projects and initiatives (our “Centrally Held Funds”) in 2024/25.

Forecast Statement of Comprehensive Revenue and Expense

For the year ended 30 June

	2024 Forecast \$000	2025 Budget \$000
REVENUE		
Grants revenue:		
Vote Education/Tertiary Education – Ministry of Education (MoE)	3,785,313	3,820,753
Prior year recoveries – net	170	240
Total grants revenue	3,785,483	3,820,993
Operating revenue:		
Vote Tertiary Education – MoE	72,014	77,915
Contract – Pre-purchased English Language Tuition	364	301
Other revenue	2,585	1,224
Total operating revenue	74,963	79,440
Finance revenue:		
Interest – grants	3,900	4,200
Interest – operating	2,243	2,159
Total finance revenue	6,143	6,359
Total revenue	3,866,589	3,906,792
EXPENSE		
Grants expense:		
Grants expense	3,784,813	3,863,927
Bad and doubtful debts	500	500
Total grants expense	3,785,313	3,864,427
Operating expense:		
Personnel costs	46,687	50,564
Amortisation	3,021	4,988
Depreciation	1,213	1,269
Other expenses	23,177	25,392
Total operating expense	74,098	82,213
Total expense	3,859,411	3,946,640
SURPLUS/(DEFICIT)		
Grants surplus/(deficit)	4,070	(39,234)
Operating surplus/(deficit)	3,108	(614)
Total comprehensive revenue and expense	7,178	(39,848)

Forecast Statement of Financial Position

As at 30 June

	2024 Forecast \$000	2025 Budget \$000
CURRENT ASSETS		
Receivables	614,150	565,198
Cash and cash equivalents	90,026	86,008
Prepayments	1,000	1,020
Total current assets	705,176	652,226
NON-CURRENT ASSETS		
Intangible assets	27,429	26,426
Property, plant and equipment	2,939	2,241
Total non-current assets	30,368	28,667
Total assets	735,544	680,893
CURRENT LIABILITIES		
Payables	547,367	536,720
Pre-purchased English Language Tuition – fees in advance	10,605	11,409
Repayment of grants funding – MoE	4,169	4,200
Employee entitlements	2,500	2,704
GST payable	5,574	(291)
Provision for lease	145	145
Total current liabilities	570,360	554,887
NON-CURRENT LIABILITIES		
Provision for lease	429	285
Employee entitlements	700	714
Total non-current liabilities	1,129	999
Total liabilities	571,489	555,886
Net assets	164,055	125,007
EQUITY		
General funds	164,055	125,007
Total equity	164,055	125,007

Forecast Statement of Changes in Equity

For the year ended 30 June

	2024 Forecast \$000	2025 Budget \$000
EQUITY		
Balance at 1 July	152,927	164,055
Capital contribution	7,850	5,000
Total comprehensive revenue and expense for the year	7,178	(39,848)
Repayment of grants interest – MoE	(3,900)	(4,200)
Balance at 30 June	164,055	125,007

Forecast Statement of Cash Flows

For the year ended 30 June

	2024 Forecast \$000	2025 Budget \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Cash was provided from:</i>		
Grants – MoE	3,716,252	3,863,855
Grants – prior year recoveries	170	240
Grants – Pre-purchased English Language Tuition	4,466	4,732
Operating – MoE	72,014	77,915
Operating – Pre-purchased English Language Tuition	410	374
Operating – other	3,723	227
	3,797,035	3,947,343
<i>Cash was applied to:</i>		
Grants payments	(3,722,076)	(3,872,305)
Payments to employees	(48,006)	(50,350)
Other operating payments	(21,674)	(25,476)
GST – net	1,634	(5,865)
	(3,790,122)	(3,953,996)
Net cash flows from operating activities	6,913	(6,653)
CASH FLOWS FROM INVESTING ACTIVITIES		
<i>Cash was provided from:</i>		
Interest – grants	-	-
Interest – operating	2,366	2,159
Sale of property, plant and equipment	-	-
	2,366	2,159
<i>Cash was applied to:</i>		
Purchase of intangible assets	(8,642)	(3,984)
Purchase of property, plant and equipment	(750)	(571)
	(9,392)	(4,555)
Net cash flows from investing activities	(7,026)	(2,396)

Forecast Statement of Cash Flows (continued)

For the year ended 30 June

	2024 Forecast \$000	2025 Budget \$000
CASH FLOWS FROM FINANCING ACTIVITIES		
<i>Cash was provided from:</i>		
Capital contribution – MoE	7,850	5,000
<i>Cash was applied to:</i>		
Repayment of grants funding – MoE	(2,723)	31
Net cash flows from financing activities	5,127	5,031
Net increase/(decrease) in cash and cash equivalents	5,014	(4,018)
Cash and cash equivalents at 1 July	85,012	90,026
Cash and cash equivalents at 30 June	90,026	86,008
Total comprehensive revenue and expense	7,178	(39,848)
Add non-cash items – depreciation and amortisation	4,234	6,257
Add non-cash items – loss on disposal of property, plant and equipment	15	-
Add net movements in working capital	1,752	33,297
Deduct interest income classified as investing activities	(2,366)	(2,159)
Deduct grants interest income classified within Repayment of grants funding – MoE	(3,900)	(4,200)
Net cash flows from operating activities	6,913	(6,653)

Movement of Forecast Intangible Assets

For the year ended 30 June

2024

	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Balance at 1 July	27	7,595	-	14,186	21,808
Transfers from work in progress	-	14,890	-	(14,890)	-
Amortisation and impairments	(4)	(3,017)	-	-	(3,021)
Additions	-	-	-	8,642	8,642
Balance at 30 June	23	19,468	-	7,938	27,429
Cost	2,379	55,988	-	7,938	66,305
Accumulated amortisation	(2,356)	(36,520)	-	-	(38,876)
Balance at 30 June	23	19,468	-	7,938	27,429

2025

	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Balance at 1 July	23	19,468	-	7,938	27,429
Transfers from work in progress	-	1,904	-	(1,904)	-
Amortisation and impairments	(5)	(4,983)	-	-	(4,988)
Additions	-	-	-	3,985	3,985
Balance at 30 June	18	16,389	-	10,019	26,426
Cost	2,379	57,892	-	10,019	70,290
Accumulated amortisation	(2,361)	(41,503)	-	-	(43,864)
Balance at 30 June	18	16,389	-	10,019	26,426

Movement of Forecast Property, Plant and Equipment

For the year ended 30 June

2024

	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Work in progress \$000	Total \$000
Balance at 1 July	1,589	1,250	-	578	-	3,417
Transfers from work in progress	-	750	-	-	(750)	-
Depreciation and impairments	(407)	(714)	-	(92)	-	(1,213)
Additions	-	-	-	-	750	750
Disposals	-	(14)	-	(1)	-	(15)
Balance at 30 June	1,182	1,272	-	485	-	2,939
Cost	4,328	3,452	20	940	-	8,740
Accumulated depreciation	(3,146)	(2,180)	(20)	(455)	-	(5,801)
Balance at 30 June	1,182	1,272	-	485	-	2,939

2025

	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Work in progress \$000	Total \$000
Balance at 1 July	1,182	1,272	-	485	-	2,939
Transfers from work in progress	-	571	-	-	(571)	(0)
Depreciation and impairments	(407)	(762)	-	(99)	-	(1,268)
Additions	-	-	-	-	571	571
Balance at 30 June	775	1,081	-	386	-	2,242
Cost	4,328	4,023	20	940	-	9,311
Accumulated depreciation	(3,553)	(2,942)	(20)	(554)	-	(7,069)
Balance at 30 June	775	1,081	-	386	-	2,242

Operational Forecast Revenue from the Crown and Planned Expense

For the year ended 30 June 2025

	2024 Forecast \$000	2025 Budget \$000	Related measure page number
REVENUE			
Vote Tertiary Education:			
Non-Departmental Output Expenses			
Administration of and Support for the Tertiary Education and Careers Systems			27-32
Tertiary Education Commission	72,014	77,915	
Māori Education Trust (Ministry of Education administered)	109	109	
Additional revenue – Tertiary Education Commission			
Contract – Pre-purchased English Language Tuition	364	301	
Interest	2,243	2,159	
Other revenue	2,585	1,224	
Total revenue	77,315	81,708	
EXPENSE			
Administration of and Support for the Tertiary Education and Careers Systems			
Tertiary Education Commission	74,098	82,213	27-32
Māori Education Trust (Ministry of Education administered)	109	109	
Total expense	74,207	82,322	
Operating surplus/(deficit)	3,108	(614)	

Forecast Operating Crown Capital Contributions and Planned Expense

For the year ended 30 June 2025

	2024 Forecast \$000	2025 Budget \$000	Related measure page number
Vote Tertiary Education:			
Non-Departmental Capital Expenditure			
REVENUE			
Careers System Online	2,000	-	
Vocational Educational Data System	2,995	7,850	33
Total revenue	4,995	7,850	
EXPENSE			
Careers System Online	-	-	
Vocational Educational Data System	4,259	6,739	33
Total expense	4,259	6,739	
Under/(over) spend	736	1,111	

Grants Forecast Revenue from the Crown and Planned Expense

For the year ended 30 June 2025

	2024 Forecast \$000	2025 Budget \$000	Related measure page number
REVENUE			
Vote Tertiary Education:			
Non-Departmental Output Expenses			
Centres of Research Excellence	49,800	49,800	38
Fees Free Payments	286,538	129,591	39
Strategic Support for National and Regional Priorities	71,447	83,832	40,41
Support for Wānanga	12,000	24,000	43
Tertiary Education Research and Research-Based Teaching	315,000	315,000	44
Tertiary Sector / Industry Collaboration Projects	15,924	17,399	46
University-led Innovation	707	-	
Workforce Development Councils	65,000	65,000	47
Tertiary Tuition and Training multi-category appropriation (MCA)			48
Access to and Success in Tertiary Education	100,907	99,149	49,50
Foundation and Community Education	300,913	312,228	51
Qualification Delivery	2,519,306	2,677,549	52-56
Domestic Tertiary Dispute Resolution Scheme (MoE administered)	300	300	
Benefits and Other Unrequited Expenses			
Tertiary Scholarships and Awards (TEC administered)	14,649	14,804	45
Tertiary Scholarships and Awards (MoE administered)	5,609	5,874	
Vote Education:			
Non-Departmental Output Expenses			
Secondary-Tertiary Interface	33,122	32,401	57
Total revenue	3,791,222	3,826,927	

Grants Forecast Revenue from the Crown and Planned Expense (continued)

For the year ended 30 June 2025

	2024 Forecast \$000	2025 Budget \$000	Related measure page number
EXPENSE			
Vote Tertiary Education:			
Non-Departmental Output Expenses			
Centres of Research Excellence	49,800	49,800	38
Fees Free Payments	286,538	129,591	39
Strategic Support for National and Regional Priorities	71,447	83,832	40,41
Support for Wānanga	12,000	24,000	43
Tertiary Education Research and Research-Based Teaching	315,000	315,000	44
Tertiary Sector / Industry Collaboration Projects	15,924	17,399	46
University-led Innovation	707	-	
Workforce Development Councils	65,000	65,000	47
Tertiary Tuition and Training multi-category appropriation (MCA)			38
Access to and Success in Tertiary Education	100,907	99,149	49,50
Foundation and Community Education	300,913	312,228	51
Qualification Delivery	2,519,306	2,721,223	52-56
Domestic Tertiary Dispute Resolution Scheme (MoE administered)	300	300	
Benefits and Other Unrequited Expenses			
Tertiary Scholarships and Awards (TEC administered)	14,649	14,804	45
Tertiary Scholarships and Awards (MoE administered)	5,609	5,874	
Vote Education:			
Non-Departmental Output Expenses			
Secondary-Tertiary Interface	33,122	32,401	57
Total expense	3,791,222	3,870,601	
Grants appropriations surplus/(deficit)	-	(43,674)	
Revenue			
	2024 Forecast \$000	2025 Budget \$000	Related measure page number
TEC administered appropriation revenue	3,785,313	3,820,753	
Interest	3,900	4,200	
Prior year items	170	240	
Total TEC revenue	3,789,383	3,825,193	
Total TEC administered grants expenses	3,785,313	3,864,427	
TEC surplus/deficit	4,070	(39,234)	



Statement of accounting policies

Reporting entity

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

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

Basis of preparation

Statement of compliance

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

The forecast financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities and they comply with Tier 1 PBE standards. Specifically, they comply with PBE Financial Reporting Standard (FRS) 42 Prospective Financial Statements.

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

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

Please note that these forecast financial statements contain no actual results. Actual results achieved are likely to vary from the forecast information and the variation may be material (see Statement of Significant Assumptions underlying the Forecast Financial Statements on page 60 for further information).

Presentation currency and rounding

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

Summary of significant accounting policies

Revenue

Revenue is measured at fair value of consideration received or receivable.

Revenue from Crown

We are primarily funded from the Crown. This funding is restricted in its use for the purpose of us meeting our performance measures as specified in the Statement of Intent 2022/23 – 2025/26 and this Statement of Performance Expectations 2024/25. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period it relates to.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Contract – Pre-purchased English Language Tuition

As a part of their residency requirements, some migrants are required to pay English language tuition fees. The migrants pay the Ministry of Business, Innovation and Employment (MBIE). MBIE deducts an administration fee and pays the remaining balance to us for us to administer. A migrant can then enrol in an English language course at an approved course provider. We then pay fees to English language course providers on enrolment of migrants. We recognise a 10 percent administration fee out of the fees received as revenue at the time of payment to providers. If the migrant fails to enrol for the course within five years of receipt of the fees, the fees are refunded to MBIE.

Interest – grants

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

Interest – operating

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

Grants expenses

Grants expenditure relates to payments to tertiary education organisations for post-secondary school education and training, including foundation education, adult and community education, and research. Grants expenditure is recognised as an expense in surplus or deficit when an unconditional obligation to provide funding arises and there are no conditions attached. The expense is recognised at the earlier of the condition being met or payment being made when there are conditions attached.

Personnel costs

Superannuation schemes – defined contribution schemes

Obligations for contributions to KiwiSaver, the Government Superannuation Fund and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Operating leases

An operating lease is a lease that does not substantially transfer all the risks and rewards incidental to ownership of an asset to the lessee.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of lease expense over the lease term.

Capital charge

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

Goods and services tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net GST payable to the Inland Revenue Department (IRD) is recorded in the statement of financial position.

The net GST paid to the IRD is classified as an operating cash flow in the statement of cash flows.

Payables

All grants payables are classified as non-exchange transactions and all operating payables are classified as exchange transactions.

Grants funding is considered a non-exchange transaction as we provide funding to tertiary education organisations but receive nothing tangible in return. We recognise a liability for our funding commitments as follows:

- › for 12 months where we have committed to provide funding based on a multi-year contract. Our contracts with tertiary education organisations state our ability to provide funding depends on the Government continuing to appropriate sufficient funding for us to fund the tertiary education organisation. At 30 June 2024 our funding will only be confirmed up until 30 June 2025.
- › up to the end of the current calendar year where we have committed providing funding to tertiary education organisations up to then.

Exceptions are as follows:

- › Volume-based funding: The majority of our funding is paid based on the number of valid student enrolments. We obtain the number of students enrolled in courses at each tertiary education organisation as at 30 June and compare this to what we have funded the tertiary education organisation for to 30 June. We record an asset or liability based on these student numbers and whether the funding we provided to the tertiary education organisation is higher or lower than what they are entitled.
- › Deliverable-based funding: Some of our funding is paid once a tertiary education organisation completes a piece of research or meets a milestone. We do not record a liability unless the tertiary education organisation has met the milestone at 30 June.

Based on the explanations above, the tertiary grants payable at 30 June differ from the funding we expect to provide in the upcoming financial year.

Receivables

Short-term receivables are recorded at the amount due, less any provision for uncollectable debts.

A receivable is considered uncollectable when there is evidence the amount due will not be fully collected.

The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

A large portion of our receivables are from the Ministry of Education (MoE). We also have a large balance of tertiary grants payable.

MoE acknowledged through a June 2016 Memorandum of Understanding that we would record a receivable from it equal to the amount of our payable.

We also have a balance sheet mechanism receivable from 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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

Intangible assets

Software acquisition and development

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, 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 de-recognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

Computer software is the major class of intangible assets. Useful lives range from three to eight years and their associated amortisation rates range from 12.5 to 33 percent on a straight-line basis.

Software-as-a-Service (SaaS) arrangement

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 the customer 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 in the surplus or deficit.

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 that have finite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. An impairment loss for an individual asset 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 unit's approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

An asset is regarded as impaired if its carrying amount exceeds its recoverable service amount. If so, the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Property, plant and equipment

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

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.

All costs incurred on assets under construction are recognised at cost less impairment within work in progress and are not depreciated. When the asset is complete and ready to use, the costs are transferred to the appropriate asset class and begin being depreciated.

In most instances an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to us and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation

Depreciation is 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	2.4–5 years	20–40% straight line
Office equipment	5 years	20% straight line
Furniture and fittings	10 years	10% straight line

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Employee entitlements

Short-term employee entitlements

Employee benefits due to be settled within 12 months after the end of the year in which the employee provides the related service, are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits due to be settled beyond 12 months after the end of the period in which the employee provides the related service, such as long-service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

- › likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood employees will reach the point of entitlement and contractual entitlement information
- › the present value of the estimated future cash flows.

Presentation of employee entitlements

The current portion of sick leave, annual leave and vested long-service leave are classified as a current liability.

Non-vested long-service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Provision for lease

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

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

Lease incentives

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

Lease make-good 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.

Onerous contracts

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

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

Repayment of grants funding – Ministry of Education

We are required to return any excess grants funds collected during the year to the Ministry of Education. This includes some of the funds drawn from the appropriations but not spent during the year and certain prior year recoveries. We can retain certain funds on our balance sheet if agreed by the Minister of Education. We also voluntarily return interest earned on grants funds.

Equity

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

Capital management

Our capital is our equity, which comprises accumulated funds. Equity is represented by net assets.

We are subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

We manage our equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure we effectively achieve our objectives and purpose, while remaining a going concern.

Income tax

We are a public authority so are exempt from paying income tax. Accordingly, no provision has been made for income tax.

Critical accounting estimates and assumptions

In preparing these financial statements we have made estimates and assumptions concerning the future (see Statement of Significant Assumptions underlying the Forecast Financial Statements on page 60 for further information).

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors. This includes expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the forecast financial statements are discussed below.

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

The useful lives and residual values of intangible assets and property, plant and equipment are reviewed at each balance date. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires a number of factors to be considered. These include the physical condition of the asset, expected period of use of the asset and expected disposal proceeds from any 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:

- › maintaining an appropriate fixed asset register, which is regularly reconciled and updated
- › physical inspection of assets
- › asset replacement programmes
- › review of second-hand market prices for similar assets
- › analysis of prior asset sales.

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

Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions that impact SaaS arrangements:

- › Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- › Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

We completed our review of intangible assets in 2022 and made any adjustments required in that year. Any new arrangements we have entered into that meet the definition of a SaaS arrangement have been expensed.

Measuring retirement and long-service leave obligations

The present value of retirement and long-service leave obligations depends on a number of factors determined on an actuarial basis. Two key assumptions used in calculating this liability include the assumed salary escalation rate and assumed resignation rate. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of Aotearoa New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The assumed salary escalation rate has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. The assumed resignation rate has been determined by the actuary, using rates that vary with age and length of service and reflect the experience of company superannuation schemes in Aotearoa New Zealand.

Critical judgements in applying accounting policies

Lease's classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers to us substantially all the risks and rewards of ownership.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease, no such asset is recognised.

We have exercised our judgement on the appropriate classification of equipment leases and have determined none of our lease arrangements are finance leases.

Tikanga me te whakatinana

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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