

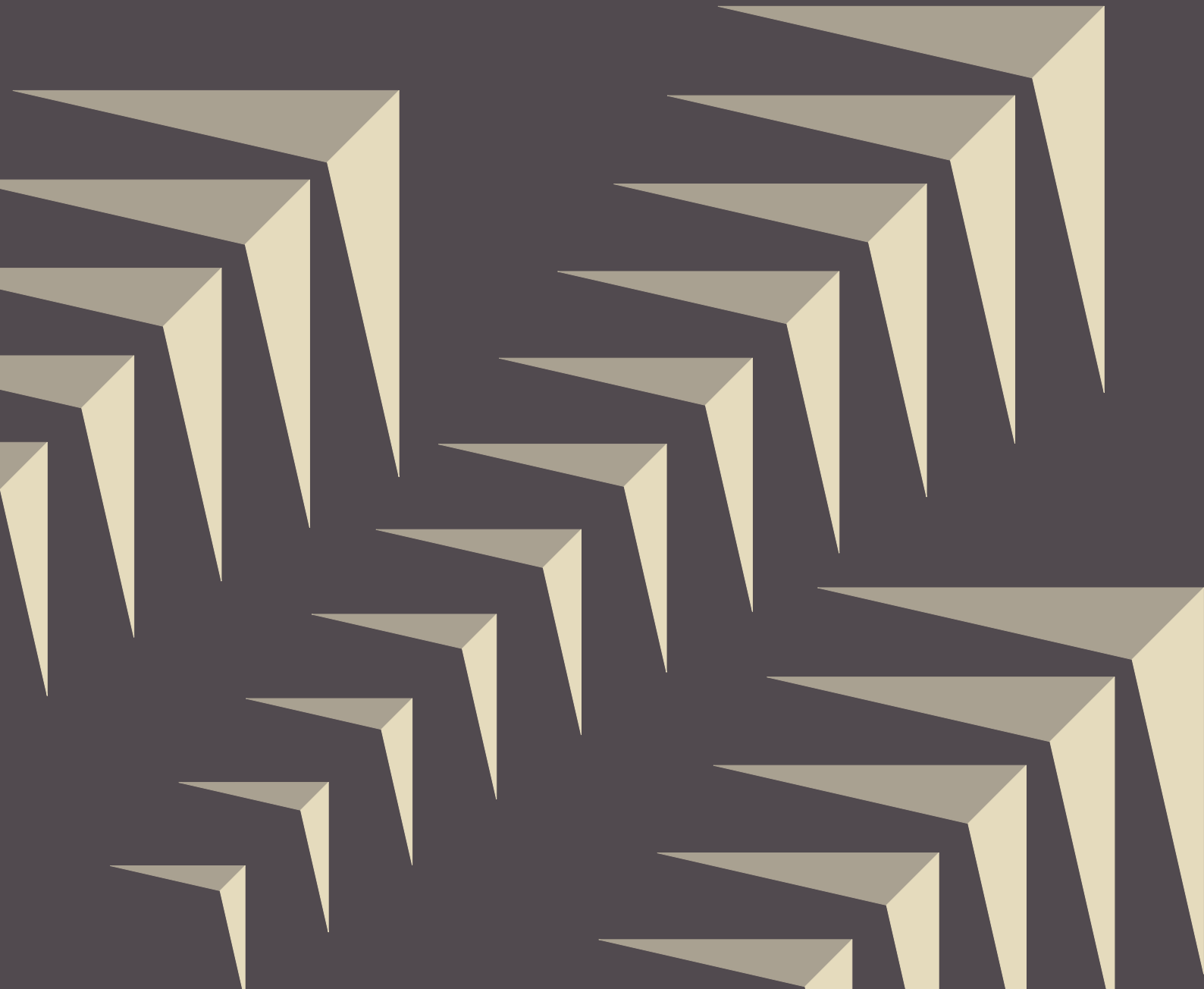


Tertiary Education  
Commission  
Te Amorangi Mātauranga Matua

# Statement of Performance Expectations

Tauākī Whāinga Mahi

2026/27



## Our vision

Tō mātou wawata

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A resilient and productive  
New Zealand, powered by  
a skilled, confident and  
adaptable workforce

## Our purpose

Tō mātou pūtake

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To enable a tertiary  
education and careers  
system that delivers  
lifelong learning and equips  
students, trainees, and  
employers for success

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# Statement of Responsibility

## Tauākī Whakamaunga Atu

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This Statement of Performance Expectations 2026/27 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 2026/27 is consistent with the appropriations contained in the Estimates of Appropriations for the year ending 30 June 2027. 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 Alan Bollard**  
Board Chair

Tertiary Education Commission

10 June 2026



**Simon Flood**  
Chair

Whatitata Whakau –  
Risk and Assurance Committee  
Tertiary Education Commission

10 June 2026

# Our operating context

Tō mātou horopaki mahi whakahaere

## This Statement of Performance Expectations sets out our performance expectations for 2026/27

It provides:

- › a base against which performance can be assessed
- › an explanation of how performance will be assessed, and
- › forecast financial statements for the 2026/27 financial year.

Our strategic intentions are described in our Statement of Intent 2026/27 – 2029/30 (SOI) [tec.govt.nz/corporate-publications](https://tec.govt.nz/corporate-publications).

## The tertiary education and careers system is vital for New Zealand's economic growth

The tertiary education and careers system is a significant contributor to a strong society and thriving economy. It drives better economic, social and cultural outcomes for industry, people and communities, creates new knowledge, and improves economic growth.

High-quality, accessible careers information supports New Zealanders to successfully prepare for the future by making good career decisions. The skills and knowledge people gain through tertiary education improves their chances of employment and increases their earning potential.

## The TEC is the Government's key agency for investment in tertiary education and careers services

The Tertiary Education Commission (TEC) is a Crown agency established under the Crown Entities Act 2004, and we are governed by a Board of Commissioners appointed by the Minister for Tertiary Education. As a Crown entity, we give effect to government policy. We work closely with the Hon Penny Simmonds – Minister for Tertiary Education.

The TEC is focused on achieving the Government's priorities and delivering our core functions effectively and efficiently. Expectations for how the TEC will implement the Government's priorities were outlined in the current Letter of Expectations.

We lead the Government's relationship with the tertiary education sector in New Zealand and have statutory responsibility for funding and monitoring all TEC-funded tertiary education organisations.

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

We are required to:



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

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

## Our strategic intentions

Our strategic intentions are described in our Statement of Intent 2026/27 – 2029/30 (SOI) [tec.govt.nz/corporate-publications](https://tec.govt.nz/corporate-publications).

The Tertiary Education Strategy (TES) sets out the Government’s long-term strategic direction for tertiary education in New Zealand and its current and medium-term priorities. The TEC is required to give effect to the TES as it assesses tertiary education organisations’ plans, allocates public funding, and monitors performance.

### The TES 2025-2030 sets out five priorities

#### 1. Achievement

Ensure students and trainees gain skills that lead to good careers and economic security, with a focus on strong pathways between school, tertiary education, and work.

#### 2. Economic Impact and Innovation

Increase the economic impact of tertiary education by delivering relevant, adaptable skills, and research that drives productivity, innovation, commercialisation and broader economic opportunities.

#### 3. Access and Participation

Enable access to education and training for people from all backgrounds and regions, ensuring more people build relevant skills that contribute to a productive economy.

#### 4. Integration and Collaboration

Deepen collaboration between education providers, employers, iwi, research institutions, and communities to align education with regional and national economic development.

#### 5. International Education

Boost numbers of international students, supporting the sector to grow and increasing New Zealand’s international connectivity, as set out in the International Education Growth Plan.

More information about the TES can be found on the Ministry of Education website: [www.education.govt.nz/our-work/strategies-policies-and-programmes/tertiary-and-further-education/tertiary-education-strategy-tes](https://www.education.govt.nz/our-work/strategies-policies-and-programmes/tertiary-and-further-education/tertiary-education-strategy-tes).

The TEC plays a central role in putting the TES priorities into practice across the tertiary education and careers system. We work with our key partners including the Ministry of Education, Ministry of Business, Innovation and Employment, Education New Zealand and the New Zealand Qualifications Authority.

## Our SOI sets out the TEC's four strategic goals

### Goal 1:

#### **A connected and accessible system**

A tertiary education and careers system that provides clear pathways and access for all.

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### Goal 2:

#### **A system that builds knowledge and skills to advance innovation and productivity, and enables people to succeed**

A tertiary education and careers system that is responsive and forward-looking to enable people, employers and communities to thrive.

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### Goal 3:

#### **A system that drives achievement and outcomes for individuals, industry and regions**

A tertiary education and careers system that supports achievement and positive economic and social outcomes.

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### Goal 4:

#### **An effective and efficient TEC – our internal goal**

We continue to enhance our functions, ensuring we remain effective and efficient.

Our strategic intentions framework outlines our direction for a future-focused tertiary education and careers system – that responds to the needs of students, trainees, communities and employers.

# TEC Strategic Intentions Framework

## Tertiary Education Strategy Priorities



**Achievement**



**Economic Impact  
and Innovation**



**Access and  
Participation**



**Integration and  
Collaboration**



**International  
Education**

## TEC Vision and Purpose

### Our Vision

A resilient and productive New Zealand,  
powered by a skilled, confident and  
adaptable workforce

### Our Purpose

To enable a tertiary education and careers  
system that delivers lifelong learning  
and equips students, trainees, and  
employers for success

## TEC Strategic Goals



### Goal 1:

A connected and accessible system



### Goal 2:

A system that builds knowledge and  
skills to advance innovation and productivity,  
and enables people to succeed



### Goal 3:

A system that drives achievement  
and outcomes for individuals,  
industry and regions



### Goal 4:

An effective and efficient TEC

## TEC Strategic Priorities

- › Ensure TEC's work programme is focused on delivering the Tertiary Education Strategy
- › Continue to deliver our investment and monitoring function to a high standard and make key continuous improvements for providers, students and trainees
- › Develop fit-for-purpose resources and tools to improve outcomes for individuals, industry and regions
- › Maintain and enhance our careers information service, and continue to strengthen connections between schools, employers and tertiary education organisations
- › Continue to enhance our functions, ensuring we remain effective and efficient

We will spend over

# \$3.8 billion

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

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 2026/27 and the measures we will use to track progress towards achieving the intention of each appropriation.

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

**This appropriation supports the tertiary education and careers system**

**\$68.0 million**

Administration of and Support for the Tertiary Education and Careers System

**We use these appropriations to invest in tertiary education**

**Vote Tertiary Education appropriations**

**\$3,274.9 million**

Tertiary Tuition and Training

**\$315.0 million**

Tertiary Education Research and Research-Based Teaching

**\$49.8 million**

Centres of Research Excellence

**\$33.0 million**

Industry Standards-Setting Functions

**\$24.0 million**

Support for Wānanga

**\$17.2 million**

Tertiary Scholarships and Awards

**\$8.9 million**

Tertiary Sector / Industry Collaboration Projects

**Vote Education appropriations**

**\$25.6 million**

System Stewardship and Operational Management

**\$9.2 million**

Access to Education

## Vote Tertiary Education appropriations

The diagram below shows how the eight Vote Tertiary Education appropriations, that TEC is responsible for, align with the Tertiary Education Strategy (TES) priorities and our TEC strategic goals. Whilst a number of appropriations could be aligned to several TES priorities, we have focused on showing key linkages.

For more detail on the TES priorities and TEC's strategic goals, see pages 7 and 8. Education New Zealand is responsible for promoting New Zealand education internationally and growing international student enrolments.

Performance measures are set out under each appropriation in the following pages. These measures collectively demonstrate progress towards achieving the TEC's strategic goals.\*

Tertiary Education Strategy Priorities		Achievement	Economic Impact and Innovation	Access and Participation	Integration and Collaboration	International Education
<b>TEC Strategic Goals*</b>						
<b>TEC Appropriations</b>	<b>TEC supports the tertiary education and careers system through these operational appropriations</b>					
	Administration of and Support for the Tertiary Education and Careers Systems	✓	✓	✓	✓	
	<b>TEC invests in tertiary education and training through these grants funding appropriations</b>					
	Centres of Research Excellence		✓		✓	
	Industry Standards-Setting Functions		✓		✓	
	Support for Wānanga	✓	✓	✓	✓	
	Tertiary Education Research and Research-Based Teaching		✓		✓	
	Tertiary Sector / Industry Collaboration Projects		✓		✓	
	Tertiary Scholarships and Awards	✓	✓	✓		
	Tertiary Tuition and Training (multi-category appropriation)	✓	✓	✓	✓	

### \* TEC's Strategic Goals:

**Goal 1** – A connected and accessible system

**Goal 2** – A system that builds knowledge and skills to advance innovation and productivity, and enables people to succeed

**Goal 3** – A system that drives achievement and outcomes for individuals, industry and regions

**Goal 4** – An effective and efficient TEC

# We support the tertiary education and careers system

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

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

Our operational appropriation measures are linked to our statutory functions (see page 6) as set out in the Education and Training Act 2020 and reflect our role in implementing policy.

The TEC is responsible for the results of the measures associated with the following operational appropriations: Administration of and Support for the Tertiary Education and Careers System.

Financial-year forecasts, targets and results are shown as 2024/25, 2025/26 and 2026/27. Calendar-year forecasts, targets and results are shown as 2024, 2025 and 2026.

Estimated actuals are included to indicate the expected result for 2025/26 financial year measures as we are only part way through the year. Estimated actuals for the 2025 calendar year measures are based on the latest information available as final year data is not available until later in 2026.

## As an organisation we continually strive to increase our efficiency and effectiveness

How we do this is detailed in our Statement of Intent 2026/27 – 2029/30 (SOI), [www.tec.govt.nz/about-us/corporate-publications](http://www.tec.govt.nz/about-us/corporate-publications), under Goal 4: An effective and efficient TEC – our internal goal.

This section includes our information and technology strategies (including risk and financial management).

Desired trend symbols are used to indicate what we want to see happen to the performance result in the future.



Increase



Decrease



Maintain or increase

# Vote Tertiary Education appropriations

## Administration of and Support for the Tertiary Education and Careers System

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 system, managing the Crown's ownership interest in tertiary education institutions, and providing advice and support to Ministers.

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



See page 40 for financial information.

### This appropriation links to these Tertiary Education Strategy priorities

Achievement	Economic Impact and Innovation	Access and Participation	Integration and Collaboration
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### How we will assess performance

The TEC uses both qualitative and quantitative measures to assess performance.

Measure	2026/27 Target	2025/26 Estimated Actual	2024/25 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%	99.9%	
Inspiring the Future: Number of completed events online and in person (Notes 1 and 2)	250	200	140	
<b>New measure</b> Number of Tahatū Career Navigator Interest Quiz completions (Note 3 and 4)	200,000	180,000	Not applicable	
<b>New measure</b> Percentage of account holders who agree that Tahatū Career Navigator provides useful careers information and tools (Notes 3 and 5)	75%	70%	Not applicable	
The overall satisfaction rating given by the responsible Minister on the TEC (Note 6)	At least 3 out of 5	At least 3 out of 5	Not applicable (Note 7)	
The satisfaction rating given by the responsible Minister on the TEC's advice related to the careers system (Note 6)	At least 3 out of 5	At least 3 out of 5	Not applicable (Note 7)	

Note 1 – Inspiring the Future is a programme to connect children with volunteer role models from the world of work, through fun and inspiring online or in-person events. It is designed to broaden career horizons by sharing relatable stories on career options and pathways. The programme is accessed via an online platform [www.inspiringthefuture.org.nz](http://www.inspiringthefuture.org.nz).

Note 2 – The figures in this table differ from what has been shown in previous Annual Reports and Statements of Performance Expectations, as the figures now relate to the number of events held in each particular year. Previously the figures were cumulative over several years.

Note 3 – Tahatū Career Navigator is New Zealand’s new career planning website, [www.tahatu.govt.nz](http://www.tahatu.govt.nz). It profiles nearly 100 school subjects, over 4,000 qualifications and more than 800 career ideas.

Note 4 – This measure tracks engagement with a career intervention tool. The Interest Quiz enables users to explore career ideas and occupations based on their interests. It is the starting point for most users, particularly younger users, on Tahatū Career Navigator. Completions are the total number of Tahatū Career Navigator Interest Quiz results page views for New Zealand based users in Google Analytics.

Note 5 – This measure is intended to track the usefulness of the new careers website, Tahatū Career Navigator. An account holder is someone who has created a “My kete” account on the website and agreed to receive surveys. A Likert scale is used to measure people’s attitudes toward usefulness by asking them to rate their level of agreement on a structured scale (1–5/strongly disagree to strongly agree).

Note 6 – The survey rating measures Ministers’ satisfaction with the quality of advice on a scale from 1 to 5 (1: never; 2: some of the time; 3: about half the time; 4: most of the time; 5: always).

Note 7 – From 2025/26 onwards, the Ministerial survey methodology has changed from 1–10 to 1–5 to align with broader Department of Prime Minister and Cabinet direction. The 2024/25 result was measured on the old 1–10 scale and was 6 out of 10 for each of these measures.

**Disclosure:** The TEC’s [careers.govt.nz](http://careers.govt.nz) website was decommissioned and associated measures retired after our new Tahatū Career Navigator website went live to all New Zealanders at the end of 2025. The retired measure related to the usefulness of information on the old [careers.govt.nz](http://careers.govt.nz) website. We developed two new careers measures (see table above) related to Tahatū Career Navigator.

Measure	2026 Target	2025 Estimated Actual	2024 Actual	Desired trend
Recovered funding as a percentage of total funding invested (Note 1)	0-2% (Note 2)	-0.22% (Note 3)	0.32% (Note 4)	▼

Note 1 – Recovered funding is the net recovery to the TEC, whereby the net amount of funding paid to tertiary education organisations (TEOs) exceeds the value of funded provision delivered. This percentage is against the total final allocations (including all in-year amendments) of the TEOs. This measure relates to the TEC’s investment function and focuses on the right amount of funds being allocated to the right areas. It enables us to see what is happening across the tertiary system and informs funding allocation decisions to minimise the need for funding recovery.

Note 2 – The target was lowered from 1-3% to 0-2% as TEC’s proactive approach to in-year amendments, stricter criteria, and increased consequences, has in recent years, led to under-delivery and smaller recoveries. As explained in detail in Note 3 below, negative percentage recovered funding results can also occur, as is the case in 2025.

Note 3 – For 2025 the estimated actual result is a negative percentage. This is due to large flexible funding payments for eligible over-delivery being made in 2025, which has meant that the net TEC recovery overall figure will likely result in more payments for flexible funding being made to TEOs than recoveries received from TEOs. As we only received funding for 99% of forecasted demand, we expect to make over delivery payments through flexible funding to eligible TEOs.

Note 4 – The 2024 delivery year saw a large decline in recoveries through aligning indicative allocations to forecast delivery and improved management of in-year amendments. A proactive approach to in-year amendments, stricter criteria and increased consequences led to less under-delivery and smaller recoveries.

The following three qualitative narrative measures are part of our assessment of performance.

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**Measure:**

**Annual assessments are undertaken to understand the financial viability risk, for tertiary education organisations that receive over \$50,000 in TEC funding, and Industry Skills Boards (ISBs)**

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 ISBs 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 the TEC's annual report.

**Prior year information:**

To 30 June 2025, the TEC received and reviewed financial information from all Workforce Development Councils and Tertiary Education Institutions. Of the 204 private training establishments (PTEs) with over \$50,000 of funding in 2025, the TEC has received and reviewed financial information from 202 PTEs. Two PTEs have outstanding financial submissions, which we are unable to assess.

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**Disclosure:** The wording of this measure has been updated to reflect the disestablishment of Workforce Development Councils and the establishment of Industry Skills Boards from 1 January 2026.

**Measure:****Evidence that the Tertiary Education Commission's investment decisions have regard to industry-informed Vocational Education and Training (VET) priorities.**

This measure is intended to demonstrate that industry advice on investment priorities informs TEC's investment. TEC is also required to have regard to future advice received from Industry Skills Boards (ISBs) when assessing proposed Investment Plans. ISBs were established from 1 January 2026.

**What we want to achieve:**

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

- (a) Plan Guidance reflects industry-informed national and regional advice
- (b) targeted priorities committed to in Investment Plans reflect national and regional priorities informed by industry stakeholders.

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

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

**Prior year information:**

Prior year advice that informed the TEC's 2025 investment decisions was received from the Workforce Development Councils (WDCs) in November 2023. This advice informed the targeted priorities included in the TEC's 2024 Plan Guidance. These priorities formed part of the assessment criteria that the TEC used to assess Investment Plans and additional funding requests for 2025 investment. WDCs were disestablished at the end of 2025 and the new ISBs were stood up from January 2026.

**Disclosure:** The wording of this measure has been updated to reflect the disestablishment of Workforce Development Councils and the establishment of Industry Skills Boards from 1 January 2026.

**Measure:****Tertiary education institutions (TEIs) show progress against their Investment Plan's proposed actions to improve outcomes for learners.**

Learner success is a key element to achieving greater education outcomes for learners.

TEIs who receive \$5 million or more in funding from the TEC are required to provide information in their Investment Plans, to show what they are doing to improve outcomes for all learners, particularly those most in need.

**What we want to achieve:**

We want to see TEIs improve educational outcomes for learners.

**Prior year information:**

This is the first time that TEIs have been asked to fully integrate learner success activities into their Investment Plans to show how they are working to improve educational outcomes for learners. Learner success information was previously provided through learner success plans that are no longer required as part of the Investment Plan process.

**Disclosure:** The wording of this measure has been updated to reflect the change in how TEIs report on their learner success activities.



# We invest in tertiary education

Ka tuku haumi tātou ki te mātauranga matua

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## 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 2026/27 and the measures we will use to track progress towards achieving the intention of each appropriation.

The TEC contributes to the results of the following measures through investment in the tertiary education and training sector. 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 2024/25, 2025/26 and 2026/27. Calendar-year forecasts, targets and results are shown as 2024, 2025 and 2026.

Estimated actuals are included to indicate the expected result for 2025/26 financial year measures as we are only part way through the year. Estimated actuals for the 2025 calendar year measures are based on the latest information available as final year data is not available until later in 2026.



# 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  
42 and 43  
for financial  
information.

### This appropriation links to these Tertiary Education Strategy priorities

	<b>Economic Impact and Innovation</b>		<b>Integration and Collaboration</b>
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### How we will assess performance

Measure	2026 Target	2025 Estimated Actual	2024 Actual	Desired trend
Total number of doctoral students aligned to the Centres of Research Excellence, completing qualifications during the current funding period (Note 1)	150 ±5%	150	153	

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

## Industry Standards-Setting Functions

This appropriation is limited to expenses incurred in setting up industry standards-setting organisations and performing their statutory functions.

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

See pages 42 and 43 for financial information.

### This appropriation links to these Tertiary Education Strategy priorities

	<b>Economic Impact and Innovation</b>		<b>Integration and Collaboration</b>
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### How we will assess performance

Measure	2026 Target	2025 Estimated Actual	2024 Actual	Desired trend
All Industry standards-setting organisations funded through this appropriation have approved and funded Operational Plans in place by 30 June each year (see Note 1)	Achieved	Achieved	Not applicable	Continue to achieve

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

**Disclosure:** Industry Skills Boards (ISBs) were established from 1 January 2026. ISBs are statutory standards-setting bodies, with majority industry governance. They are responsible for developing qualifications, endorsing programmes, and moderating assessments over key industry sectors.



## 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  
42 and 43  
for financial  
information.

### This appropriation links to these Tertiary Education Strategy priorities

Achievement	Economic Impact and Innovation	Access and Participation	Integration and Collaboration

### How we will assess performance

Measure	2026 Target	2025 Estimated Actual	2024 Actual	Desired trend
Wānanga annual reports demonstrate appropriate use of funding in compliance with the funding conditions (Note 1)	Achieved	Achieved	Achieved	Continue to achieve

Note 1 – The wording of this measure has been updated to reflect the change to on-plan funding provided through TEC's Investment plan process.

## 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 42 and 43 for financial information.

### This appropriation links to these Tertiary Education Strategy priorities

	<b>Economic Impact and Innovation</b>		<b>Integration and Collaboration</b>
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## How we will assess performance

### Performance-Based Research Fund

Measure	2026 Target	2025 Estimated Actual	2024 Actual	Desired trend
Postgraduate research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions) (Note 1)	Previous year actual $\pm 5\%$	Previous year actual $\pm 5\%$	3,848	
Percentage increase in amount of external research income for PBRF-eligible providers (Note 2)	3-5%	3-5%	1.5%	

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. These awards have been deferred for 2026.

An exemption was granted as the appropriation is one from which resources will be provided to a person or entity other than a department, a functional chief executive, an Office of Parliament, or a Crown entity under s15D(2)(b)(ii) of the Public Finance Act 1989, as additional performance information is unlikely to be informative because this appropriation is solely for payments of Tertiary Scholarships and Awards under the Education and Training Act 2020.

See pages  
42 and 43  
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 42 and 43 for financial information.

### This appropriation links to these Tertiary Education Strategy priorities

	Economic Impact and Innovation		Integration and Collaboration
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### How we will assess performance

#### Māori and Pacific Trades Training

Measure	2026 Target	2025 Estimated Actual	2024 Actual	Desired trend
Percentage of learners per calendar year progressing from Māori and Pacific Trades Training to New Zealand apprenticeships, other industry training at Level 3 and above, or further study at New Zealand Qualifications and Credentials Framework Level 4 and above	More than 39.7% (Note 1)	36.4%	41.3%	

Note 1 – We want learner progression to stabilise and begin to trend upward.

## 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 with three categories:

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

See pages  
42 and 43  
for financial  
information.

### This appropriation links to these Tertiary Education Strategy priorities

Achievement	Economic Impact and Innovation	Access and Participation	Integration and Collaboration
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## How we will assess performance

### Overall measure

Measure	2026 Target	2025 Estimated Actual	2024 Actual	Desired trend	
Tertiary course completion rate	Course completion rate for provider-based learners	More than 85.2%	85.2%	84.9%	▲
	Credit achievement rate for work-based learners	More than 79.5%	79.5%	78.4%	

### 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

The intent of these measures is to track the proportional movement in enrolments as an indicator of access to Vocational Education and Training

Measure	Mode of Delivery	2026 Target	2025 Estimated Actual	2024 Actual	Desired trend	
Percentage of learners with low prior achievement enrolled in Levels 3–7 non-degree of the following modes of delivery	Work-based	More than 43.0%	43.0%	44.0%	▲	
	Provider-based	More than 35.1%	35.1%	36.7%		
Percentage of Māori and Pacific learners enrolled in Levels 3–7 non-degree of the following modes of delivery (compared to percentage of non-Māori, non-Pacific learners enrolled)	Māori	Work-based	More than 19.7%	19.7%	20.1%	▲
		Provider-based	More than 27.0%	27.0%	27.0%	
	Pacific	Work-based	More than 9.6%	9.6%	10.1%	
		Provider-based	More than 11.6%	11.6%	11.4%	
	Non-Māori non-Pacific	Work-based	More than 71.6%	71.6%	70.7%	
		Provider-based	More than 63.9%	63.9%	64.0%	

## 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

Type	2026 Target	2025 Estimated Actual	2024 Actual	Desired trend
<b>Literacy and Numeracy</b>				
Number of learners participating in literacy and numeracy programmes (Note 1)	More than 12,867	12,867	13,489	▲
<b>Adult and Community Education in communities</b>				
Number of Adult and Community Education learner hours	More than 1,046,098	1,046,098	1,069,584	▲
<b>Youth Guarantee</b>				
Percentage of Youth Guarantee learners completing qualifications at Levels 2 or 3 (Note 2)	More than 69.7%	69.7%	65.10%	▲
<b>Gateway</b>				
Total participants and number of schools (Note 3)	More than 15,569 in 379 schools	15,569 in 379 schools	15,679 in 380 schools	▲

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

Note 2 – Youth Guarantee funding provides fees-free tertiary study at Levels 1–3 to enable young people to progress to high-level education or employment.

Note 3 – Gateway funding enables secondary state, state-integrated and charter schools to give senior learners opportunities to access quality, structured workplace learning that is integrated with school-based learning.

## 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.

We want to see more learners succeed in tertiary education and training and achievement patterns for Māori and Pacific learners that are the same as other learners. Achievement of the desired trend shifts is also influenced by the work of other government agencies and the state of the economy and labour market.

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

## How we will assess performance

### Provider-based learning

Measure	2026 Target	2025 Estimated Actual	2024 Actual	Desired trend
<b>Percentage of funded students completing qualifications at Levels 4–7 non-degree</b>				
All learners	More than 55.8%	55.8%	55.8%	▲
<b>Māori and Pacific learners compared to non-Māori, non-Pacific learners</b>				
Māori learners	More than 53.3%	53.3%	54.7%	▲
Pacific learners	More than 50.3%	50.3%	49.7%	
Non-Māori, non-Pacific learners	More than 57.6%	57.6%	57.1%	
Measure	2026 Target	2025 Estimated Actual	2024 Actual	Desired trend
<b>Percentage of funded students completing qualifications at Level 7 degree and above</b>				
All learners	More than 61.9%	61.9%	63.3%	▲
<b>Māori and Pacific learners compared to non-Māori, non-Pacific learners</b>				
Māori learners	More than 51.0%	51.0%	52.6%	▲
Pacific learners	More than 47.2%	47.2%	49.7%	
Non-Māori, non-Pacific learners	More than 65.1%	65.1%	66.7%	

## How we will assess performance

### Work-based learning

Measure	2026 Target	2025 Estimated Actual	2024 Actual	Desired trend
<b>Percentage of learners completing programmes</b>				
All learners	More than 54.0%	54.0%	56.9%	▲
Industry Trainees	More than 64.9%	64.9%	61.6%	
Apprentices	More than 43.1%	38.3%	44.0%	
<b>Māori and Pacific learners compared to non-Māori, non-Pacific learners</b>				
Māori learners	More than 49.3%	49.3%	51.7%	▲
Pacific learners	More than 50.7%	50.7%	54.6%	
Non-Māori, non-Pacific learners	More than 55.7%	55.7%	58.5%	

**Disclosure:** The presentation of programme and qualification completion rate information for Māori learners and Pacific learners compared to non-Māori, non-Pacific learners has been changed to make it clearer and easier for the reader to understand. This change is reflected in the tables on pages 28 and 29 and enables the reader to see the separate results for Māori and Pacific learners. This change also ensures consistency in the way ethnicity information is presented throughout the Tertiary Tuition and Training appropriation.



The following qualitative narrative measure is part of our assessment of performance.

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**Transitional Support for Strategically Important Provision** is a new fund established as part of the Vocational Education and Training system changes in October 2025. This fund supports polytechnics to maintain provision that is strategically important.

**New measure:**

**Eligible polytechnics are funded to support them to maintain strategically important provision.**

This new fund was established in August 2025 to provide support for polytechnics to maintain provision that is strategically important during the transition from the New Zealand Institute of Skills and Technology to a network of regional polytechnics. Support provided will include priority industries such as science, engineering, trades, primary industries and some health fields.

**What we want to achieve:**

Polytechnics maintain, and minimise the loss of, provision that is strategically important, during the transition to a network of regional polytechnics.

We will provide information on funding provided to polytechnics in future annual reports.

**Prior year information:**

No prior year information is available as funding relates to the 2026 and 2027 calendar years.

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**Disclosure: Vote Tertiary Education appropriations disestablished and associated measures retired**

Workforce Development Councils were disestablished at the end of 2025 and the associated measure retired.

# Vote Education appropriations

The Ministry of Education provides funding to us from the following two Vote Education appropriations to fund Trades Academies in the tertiary setting. The Ministry of Education is responsible for reporting the performance of these two appropriations.

## Access to Education multi-category appropriation

***Alternative Education Services***

See pages  
42 and 43  
for financial  
information.

## System Stewardship and Operational Management multi-category appropriation

***Contributions to Education-Related Entities and Organisations***

See pages  
42 and 43  
for financial  
information.



# Forecast Financial Statements

## Ngā Tauākī Matapae Tahua

### Statement of Significant Assumptions underlying the Forecast Financial Statements

#### Overview

We have made assumptions when preparing these forecast financial statements. This includes that the range and levels of service we currently provide will not change in 2026/27. These assumptions may differ from what happens. Changes to government policy, the economy, learner demographics, immigration trends and the make-up of the number and type of learning institutions within New Zealand will all affect us and our forecast results.

#### Operating revenue

Revenue from the Crown is based on information contained in the 2026/27 Estimates of Appropriation, Vote Tertiary Education and Vote Education. In 2026/27 we plan to fully draw down our Crown revenue.

Contract – Pre-purchased English Language Tuition revenue of \$0.3 million is in line with the prior year.

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 remain similar for operating accounts but to decrease for grants accounts due to reduced grants cash balances.

#### Grants revenue and expenses

We forecast overall grants expenses to be \$129.3 million less than baseline in 2025/26. This includes underspends of \$109.9 million in our Tertiary Tuition and Training multi-category appropriation (our MCA), and \$14.0 million in our Re-establishing the New Vocational Education and Training Network appropriation.

We forecast to add \$40.0 million of underspends from our MCA to our grants Balance Sheet Mechanism Facility (BMF) in 2025/26. This would result in a total BMF of \$80.5 million as of 30 June 2026. We forecast overall grants revenue to be \$89.3 million less than baseline following this addition to our BMF.

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

We are budgeting for 2026/27 grants expenses to be in line with baseline (our grants revenue).

#### 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 2 percent. We also make a 5 percent allowance for staff vacancies.

Depreciation and amortisation costs are calculated based on our current fixed assets and our proposed 2026/27 capital plan.

Other expenses are calculated using a bottom-up approach and include \$2.5 million for operating projects and initiatives (our “Centrally Held Funds”) in 2026/27.

## Forecast Statement of Comprehensive Revenue and Expense

For the year ended 30 June

	2026 Forecast \$000	2027 Budget \$000
<b>REVENUE</b>		
<b>Grants revenue:</b>		
Vote Education/Tertiary Education – Ministry of Education (MoE)	3,714,273	3,755,170
Prior year recoveries – net	18	60
<b>Total grants revenue</b>	<b>3,714,291</b>	<b>3,755,230</b>
<b>Operating revenue:</b>		
Vote Tertiary Education – MoE	66,991	67,845
Contract – Pre-purchased English Language Tuition	235	279
Other revenue	1,709	1,450
<b>Total operating revenue</b>	<b>68,935</b>	<b>69,574</b>
<b>Finance revenue:</b>		
Interest – grants	970	420
Interest – operating	1,575	1,487
<b>Total finance revenue</b>	<b>2,545</b>	<b>1,907</b>
<b>Total revenue</b>	<b>3,785,771</b>	<b>3,826,711</b>
<b>EXPENSE</b>		
<b>Grants expense:</b>		
Grants expense	3,673,773	3,754,670
Bad and doubtful debts	500	500
<b>Total grants expense</b>	<b>3,674,273</b>	<b>3,755,170</b>
<b>Operating expense:</b>		
Personnel costs	44,168	43,811
Amortisation	5,554	5,164
Depreciation	1,019	882
Other expenses	22,705	24,080
<b>Total operating expense</b>	<b>73,446</b>	<b>73,937</b>
<b>Total expense</b>	<b>3,747,719</b>	<b>3,829,107</b>
<b>SURPLUS/(DEFICIT)</b>		
Grants surplus/(deficit)	40,988	480
Operating surplus/(deficit)	(2,936)	(2,876)
<b>Total comprehensive revenue and expense</b>	<b>38,052</b>	<b>(2,396)</b>

## Forecast Statement of Financial Position

As at 30 June

	2026 Forecast \$000	2027 Budget \$000
<b>CURRENT ASSETS</b>		
Receivables	754,056	748,056
Cash and cash equivalents	90,253	99,955
Prepayments	1,500	1,530
<b>Total current assets</b>	<b>845,809</b>	<b>849,541</b>
<b>NON-CURRENT ASSETS</b>		
Intangible assets	30,756	26,292
Property, plant and equipment	1,290	1,058
<b>Total non-current assets</b>	<b>32,046</b>	<b>27,350</b>
<b>Total assets</b>	<b>877,855</b>	<b>876,891</b>
<b>CURRENT LIABILITIES</b>		
Payables	713,092	713,025
Pre-purchased English Language Tuition – fees in advance	15,128	17,094
Repayment of grants funding – MoE	1,114	420
Employee entitlements	2,140	2,346
GST payable	4,239	4,782
Provision for lease	112	-
<b>Total current liabilities</b>	<b>735,825</b>	<b>737,667</b>
<b>NON-CURRENT LIABILITIES</b>		
Provision for lease	161	161
Employee entitlements	500	510
<b>Total non-current liabilities</b>	<b>661</b>	<b>671</b>
<b>Total liabilities</b>	<b>736,486</b>	<b>738,338</b>
<b>Net assets</b>	<b>141,369</b>	<b>138,553</b>
<b>EQUITY</b>		
General funds	141,369	138,553
<b>Total equity</b>	<b>141,369</b>	<b>138,553</b>

## Forecast Statement of Changes in Equity

For the year ended 30 June

	2026 Forecast \$000	2027 Budget \$000
<b>EQUITY</b>		
Balance at 1 July	102,200	141,369
Capital contribution	2,087	-
Total comprehensive revenue and expense for the year	38,052	(2,396)
Repayment of grants interest – MoE	(970)	(420)
<b>Balance at 30 June</b>	<b>141,369</b>	<b>138,553</b>

## Forecast Statement of Cash Flows

For the year ended 30 June

	2026 Forecast \$000	2027 Budget \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Cash was provided from:</i>		
Grants – MoE	3,626,825	3,755,170
Grants – prior year recoveries	18	60
Grants – Pre-purchased English Language Tuition	4,983	5,788
Operating – MoE	66,991	67,845
Operating – Pre-purchased English Language Tuition	333	458
Operating – other	1,499	931
	3,700,649	3,830,252
<i>Cash was applied to:</i>		
Grants payments	(3,662,037)	(3,752,770)
Payments to employees	(45,740)	(43,596)
Other operating payments	(23,992)	(24,169)
GST – net	201	542
	(3,731,568)	(3,819,993)
<b>Net cash flows from operating activities</b>	<b>(30,919)</b>	<b>10,259</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<i>Cash was provided from:</i>		
Interest – grants	970	420
Interest – operating	1,735	1,487
	2,705	1,907
<i>Cash was applied to:</i>		
Purchase of intangible assets	(2,846)	(700)
Purchase of property, plant and equipment	(284)	(650)
	(3,130)	(1,350)
<b>Net cash flows from investing activities</b>	<b>(425)</b>	<b>557</b>

## Forecast Statement of Cash Flows (continued)

For the year ended 30 June

	2026 Forecast \$000	2027 Budget \$000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<i>Cash was provided from:</i>		
Capital contribution – MoE	2,087	-
<i>Cash was applied to:</i>		
Repayment of grants funding – MoE	(19,479)	(1,114)
<b>Net cash flows from financing activities</b>	<b>(17,392)</b>	<b>(1,114)</b>
Net increase/(decrease) in cash and cash equivalents	(48,736)	9,702
Cash and cash equivalents at 1 July	138,989	90,253
<b>Cash and cash equivalents at 30 June</b>	<b>90,253</b>	<b>99,955</b>
<b>Total comprehensive revenue and expense</b>	<b>38,052</b>	<b>(2,396)</b>
Add non-cash items – depreciation and amortisation	6,573	6,046
Add non-cash items – loss on disposal of property, plant and equipment	1	-
Add net movements in working capital	(72,840)	8,516
Deduct interest income classified as investing activities	(2,705)	(1,907)
<b>Net cash flows from operating activities</b>	<b>(30,919)</b>	<b>10,259</b>

## Forecast Movement of Intangible Assets

For the year ended 30 June

### 2026

	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Carrying amount at 1 July	-	25,615	-	7,848	33,463
Capitalisations	-	8,948	-	(8,948)	-
Amortisation and impairments	-	(5,554)	-	-	(5,554)
Additions	-	-	-	2,847	2,847
<b>Carrying amount at 30 June</b>	<b>-</b>	<b>29,009</b>	<b>-</b>	<b>1,747</b>	<b>30,756</b>
Cost	1,887	67,620	-	1,747	71,254
Accumulated amortisation	(1,887)	(38,611)	-	-	(40,498)
<b>Carrying amount at 30 June</b>	<b>-</b>	<b>29,009</b>	<b>-</b>	<b>1,747</b>	<b>30,756</b>

### 2027

	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Carrying amount at 1 July	-	29,009	-	1,747	30,756
Capitalisations	-	1,747	-	(1,747)	-
Amortisation and impairments	-	(5,164)	-	-	(5,164)
Additions	-	-	-	700	700
<b>Carrying amount at 30 June</b>	<b>-</b>	<b>25,592</b>	<b>-</b>	<b>700</b>	<b>26,292</b>
Cost	1,887	69,367	-	700	71,954
Accumulated amortisation	(1,887)	(43,775)	-	-	(45,662)
<b>Carrying amount at 30 June</b>	<b>-</b>	<b>25,592</b>	<b>-</b>	<b>700</b>	<b>26,292</b>

## Forecast Movement of Property, Plant and Equipment

For the year ended 30 June

### 2026

	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Total \$000
Carrying amount at 1 July	775	857	-	394	2,026
Depreciation and impairments	(392)	(543)	-	(84)	(1,019)
Additions	-	284	-	-	284
Disposals	-	(1)	-	-	(1)
<b>Carrying amount at 30 June</b>	<b>383</b>	<b>597</b>	<b>-</b>	<b>310</b>	<b>1,290</b>
Cost	4,328	3,077	18	913	8,336
Accumulated depreciation	(3,945)	(2,480)	(18)	(603)	(7,046)
<b>Carrying amount at 30 June</b>	<b>383</b>	<b>597</b>	<b>-</b>	<b>310</b>	<b>1,290</b>

### 2027

	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Total \$000
Carrying amount at 1 July	383	597	-	310	1,290
Depreciation and impairments	(383)	(427)	-	(72)	(882)
Additions	-	650	-	-	650
<b>Carrying amount at 30 June</b>	<b>-</b>	<b>820</b>	<b>-</b>	<b>238</b>	<b>1,058</b>
Cost	4,328	3,727	18	913	8,986
Accumulated depreciation	(4,328)	(2,907)	(18)	(675)	(7,928)
<b>Carrying amount at 30 June</b>	<b>-</b>	<b>820</b>	<b>-</b>	<b>238</b>	<b>1,058</b>

## Forecast Operational Revenue from the Crown and Planned Expense

For the year ended 30 June

	2026 Forecast \$000	2027 Budget \$000	Related measure page number
<b>REVENUE</b>			
<b>Vote Tertiary Education:</b>			
<b>Non-Departmental Output Expenses</b>			
Administration of and Support for the Tertiary Education and Careers Systems			13
Tertiary Education Commission <sup>1</sup>	66,991	67,845	
Māori Education Trust (Ministry of Education administered)	109	109	
<b>Additional revenue – Tertiary Education Commission</b>			
Contract – Pre-purchased English Language Tuition	235	279	
Interest	1,575	1,487	
Other revenue	1,709	1,450	
<b>Total revenue</b>	<b>70,619</b>	<b>71,170</b>	
<b>EXPENSE</b>			
Administration of and Support for the Tertiary Education and Careers Systems			13
Tertiary Education Commission	73,446	73,937	
Māori Education Trust (Ministry of Education administered)	109	109	
<b>Total expense</b>	<b>73,555</b>	<b>74,046</b>	
<b>Operating surplus/(deficit)</b>	<b>(2,936)</b>	<b>(2,876)</b>	

<sup>1</sup> The Tertiary Education Commissions Crown revenue increases \$0.8 million from \$67.0 million in 2025/26 to \$67.8 million in 2026/27. A two percent baseline reduction applied to the TEC has been offset by a transfer of funding between years agreed in 2024 relating to the TEC's administrative costs for the Performance-Based Research Fund (PBRF) Quality Evaluation (QE).

While the PBRF QE has since been cancelled, the funding will support the transition from the PBRF to the Tertiary Research Excellence Fund.

## Forecast Crown Capital Contributions and Expense

For the year ended 30 June

	2026 Forecast \$000	2027 Budget \$000	Related measure page number
<b>CAPITAL CONTRIBUTION</b>			
<b>Vote Tertiary Education:</b>			
<b>Non-Departmental Capital Expenditure</b>			
Tertiary Education Commission – Final-year Fees Free	2,087	-	
<b>Total capital contribution</b>	<b>2,087</b>	<b>-</b>	
<b>EXPENSE</b>			
Tertiary Education Commission – Final-year Fees Free	1,618	-	
<b>Total expense</b>	<b>1,618</b>	<b>-</b>	
<b>Under/(over) spend</b>	<b>469</b>	<b>-</b>	

## Forecast Grants Revenue from the Crown and Grants Planned Expense

For the year ended 30 June

	2026 Forecast \$000	2027 Budget \$000	Related measure page number
<b>REVENUE</b>			
<b>Vote Tertiary Education:</b>			
<b>Non-Departmental Output Expenses</b>			
Centres of Research Excellence	49,800	49,800	19
Industry Standards-Setting Functions	25,000	33,000	20
Support for Wānanga	24,000	24,000	21
Tertiary Education Research and Research-Based Teaching	315,000	315,000	22
Tertiary Sector / Industry Collaboration Projects	5,861	8,937	24
<b>Benefits and Other Unrequited Expenses</b>			
Tertiary Scholarships and Awards (TEC administered)	13,938	15,004	23
Tertiary Scholarships and Awards (MoE administered)	2,124	2,238	
<b>Non-Departmental Other Expenses</b>			
Fees-free Payments	5,502	-	
<b>Multi-Category Expenses and Capital Expenditure</b>			
Tertiary Tuition and Training multi-category appropriation (MCA)			25
Access to and Success in Tertiary Education	100,442	89,163	26
Foundation and Community Education	301,716	331,458	27
Qualification Delivery (TEC administered)	2,838,356	2,853,988	28
Qualification Delivery (MoE administered)	300	300	
<b>Vote Education:</b>			
<b>Multi-Category Expenses and Capital Expenditure</b>			
Access to Education MCA			
Alternative Education Services	34,658	9,177	31
System Stewardship and Operational Management MCA			
Contributions to Education-Related Entities and Organisations	-	25,643	31
<b>Total revenue</b>	<b>3,716,697</b>	<b>3,757,708</b>	

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

For the year ended 30 June

	2026 Forecast \$000	2027 Budget \$000	Related measure page number
<b>EXPENSE</b>			
<b>Vote Tertiary Education:</b>			
<b>Non-Departmental Output Expenses</b>			
Centres of Research Excellence	49,800	49,800	19
Industry Standards-Setting Functions	25,000	33,000	20
Support for Wānanga	24,000	24,000	21
Tertiary Education Research and Research-Based Teaching	315,000	315,000	22
Tertiary Sector / Industry Collaboration Projects	5,861	8,937	24
<b>Benefits and Other Unrequited Expenses</b>			
Tertiary Scholarships and Awards (TEC administered)	13,938	15,004	23
Tertiary Scholarships and Awards (MoE administered)	2,124	2,238	
<b>Non-Departmental Other Expenses</b>			
Fees-free Payments	5,502	-	
<b>Multi-Category Expenses and Capital Expenditure</b>			
Tertiary Tuition and Training multi-category appropriation (MCA)			25
Access to and Success in Tertiary Education	100,442	89,163	26
Foundation and Community Education	301,716	331,458	27
Qualification Delivery (TEC administered)	2,798,356	2,853,988	28
Qualification Delivery (MoE administered)	300	300	
<b>Vote Education:</b>			
<b>Multi-Category Expenses and Capital Expenditure</b>			
Access to Education MCA			
Alternative Education Services	34,658	9,177	31
System Stewardship and Operational Management MCA			
Contributions to Education-Related Entities and Organisations	-	25,643	31
<b>Total expense</b>	<b>3,676,697</b>	<b>3,757,708</b>	
<b>Grants appropriations surplus/(deficit)</b>	<b>40,000</b>	<b>-</b>	
TEC administered appropriation revenue	3,714,273	3,755,170	
Interest	970	420	
Prior year items	18	60	
<b>Total TEC grants revenue</b>	<b>3,715,261</b>	<b>3,755,650</b>	
<b>Total TEC administered grants expense</b>	<b>3,674,273</b>	<b>3,755,170</b>	
<b>TEC grants surplus/(deficit)</b>	<b>40,988</b>	<b>480</b>	

## Statement of accounting policies

### Reporting entity

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

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

### 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 New Zealand (NZ GAAP).

The forecast financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities (PBE) and they comply with Tier 1 PBE standards. 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 32 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 us meeting our performance measures as specified in the Statement of Intent 2026/27 – 2029/30 and this Statement of Performance Expectations 2026/27. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period it relates to.

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

#### Contract revenue – Pre-purchased English Language Tuition (PELT)

As a part of their residency requirements, some migrants are required to pay English language tuition fees. The migrants pay the Ministry of Business, Innovation and Employment (MBIE). MBIE deducts an administration fee and pays the remaining balance to us, for us to administer. A migrant can then enrol in an English language course at an approved course provider. We then pay fees to English language course providers on enrolment of migrants. We recognise a 10%

administration fee out of the fees received as revenue at the time of payment to providers. If the migrant fails to enrol for the course within five years of the receipt of the fees, the fees are refunded to MBIE.

#### **Interest – grants**

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

#### **Interest – operating**

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

#### **Grants expenses**

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

#### **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 transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

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

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

#### **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.

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

- › Where we have committed to provide funding based on a multi-year contract, we recognise commitments for a further 12 months. Our contracts with TEOs state our ability to provide funding depends on the Government continuing to appropriate sufficient funding for us to fund the TEO. At 30 June 2026, our funding has only been confirmed up until 30 June 2027.
- › Where we have committed to provide funding to TEOs to the end of the current calendar year, we recognise commitments up to then.

Exceptions are as follows:

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

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

### Receivables

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

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

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

We have a large tertiary grants payable. The MoE acknowledged through a June 2016 Memorandum of Understanding that we would record a receivable from it equal to the amount of our payable.

We also have a grants Balance Sheet Mechanism receivable from the MoE. It is funded from underspends in the Tertiary Tuition and Training multi-category appropriation. This helps us manage cost pressures within and across financial years.

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

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

#### *Amortisation*

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

Computer software is the major class of intangible asset. Its useful life ranges from three to eight years and its associated amortisation rate ranges from 12.5% to 33% straight line.

#### *Software-as-a-Service (SaaS) arrangements*

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

benefits flowing from the software itself and to restrict others' access to those benefits.

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

### **Impairment of intangible assets and property, plant and equipment**

#### **Cash-generating assets**

We do not hold any cash-generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

#### **Non-cash-generating assets**

Intangible assets and property, plant and equipment held at cost, and that have finite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value, less costs to sell and value in use.

Value in use is determined using either a depreciated replacement cost approach, restoration cost approach or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

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

### **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.

Work in progress is recognised at cost less impairment and is not depreciated.

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

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

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

#### **Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

#### **Depreciation**

Depreciation is accounted for on a straight-line basis on all property, plant and equipment. The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

<b>Class</b>	<b>Useful life</b>	<b>Depreciation rate</b>
Leasehold improvements	Life of lease	
Computer equipment	2.4 to 5 years	20 to 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

### *Current employee entitlements*

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

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

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

### *Non-current employee entitlements*

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

The calculations are based on:

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

### *Presentation of employee entitlements*

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

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

### *Provision for lease*

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

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

### *Lease incentives*

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

We lease four floors at 44 The Terrace, Wellington.

When we entered into the lease agreement, we received a lease incentive equal to one year's rent. On 30 June 2026 we will have a remaining lease incentive of \$112,000 which will be spread over the 2026/27 financial year.

### *Lease make-good provisions*

Make-good provisions are recognised when leases require us to make-good any damage caused or remove any installed fixtures and fittings at the end of the lease term.

We lease four floors at 44 The Terrace, Wellington. At the expiry of the lease term, we are required to make-good any damage caused and remove any installed fixtures and fittings. We have provisioned \$161,000 for this estimated cost.

### Repayment of grants funding – MoE

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

### 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 forecast financial statements we have made estimates and assumptions concerning the future (see Statement of Significant Assumptions underlying the Forecast Financial Statements on page 32 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*

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

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit and carrying amount of the asset in the statement of financial position. We minimise the risk of this estimation uncertainty by:

- › physical inspection of assets
- › asset replacement programmes
- › review of second-hand market prices for similar assets, and
- › analysis of prior asset sales.

In our assessment of useful lives of intangible assets and property, plant and equipment, we did not note any changes in useful life that had an effect on expected amortisation expenses in future years.

### *Measuring retirement and long service leave obligations*

The present value of retirement and long service leave obligations depend on several factors determined on an actuarial basis. Two key assumptions used in calculating this liability include the assumed long-term salary inflation

assumption and assumed resignation rate. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. We have used the New Zealand Treasury long-term salary inflation assumption published on the Treasury website. The assumed resignation rate has been determined by an actuary when building the retirement and long service leave models, using rates that vary with age and length of service and reflect the experience of company superannuation schemes in New Zealand.

### **Critical judgements in applying accounting policies**

#### *Leases classification*

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

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

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

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



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Contact details

Tertiary Education Commission National Office

44 The Terrace

PO Box 27048

Wellington, New Zealand

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