



**Tertiary Education
Commission**
Te Amorangi Mātauranga Matua

Annual Report

Pūrongo-ā-tau

For the year ended 30 June 2025

Our purpose

Tō mātou pūtake



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

Our vision

Tō mātou wawata



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

Our year at a glance

2024/25



We had a **strong focus** on implementing the Government's priorities.



We focused on implementing the Government's proposed change to the VET system – this included **three consultations** and engagement with over **350 industry representatives**.



We implemented the new **Fees Free policy** – moving from first-year to final-year study from 2026.



We continued to deliver our **statutory functions** to a high standard, while keeping a relentless focus on **value for money**.



We **reduced compliance** costs for providers in a number of areas.

We invested over

\$3.9 billion

in tertiary education and supporting the tertiary education and careers system

We funded

8

Universities

3

Wānanga

1

Te Pūkenga

(15 ITP business divisions and 9 work-based learning divisions)

198

TEC-funded private training establishments

525

Other organisations*

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

We made **25,434** payments to tertiary education organisations

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Part one: Introduction

Wāhanga tahi:
Kupu whakataki



Foreword from the Board Chair and Chief Executive

The tertiary education and careers system is a significant contributor to economic growth and increased living standards. The Tertiary Education Commission (TEC) seeks to raise the achievement of the system to generate positive outcomes for both learners and employers, bringing about a thriving economy and society.

The TEC remained flexible and effective throughout 2024/25, as our focus remained firmly on delivering the Government's Priority Work Programme, while continuing to deliver our core functions to a high standard. As part of the Cabinet reshuffle at the beginning of 2025, the Tertiary portfolio was split and we adapted to deliver our amended work programme for our two ministers.

A key focus for the year has been the redesign of the vocational education and training system. This is a significant policy objective for the Government and is the highest priority for the TEC. Our key focus areas during the year included the disestablishment of Te Pūkenga and the Workforce Development Councils, the establishment of regional institutes of technology and polytechnics, and the establishment of Industry Skills Boards. This is no small task, and we have focused our efforts and resources to enable a smooth transition to the new vocational education system, while ensuring we minimised disruption for learners and providers.

During the year, we also prioritised support for the Government's other priority initiatives, including moving Fees Free policy from first-year to final-year study. The policy change was completed during the year and will be implemented for the 2026 academic year. We also supported the University Advisory Group (UAG) review, and in the coming year, we will implement any changes that ministers recommend to improve the overall effectiveness and efficiency of the sector, including the development of the Tertiary Research Excellence Fund (TREF).

We have been working closely with the Ministry of Education on developing a new Tertiary Education Strategy, and we look forward to giving effect to it through our continued focus on delivering value for New Zealand through a high-performing tertiary education and careers system.

We continued to deliver our core functions to a high standard, with a focus on efficiency and effectiveness through all our work.

Through our stewardship and monitoring role, we actively foster the relationship between communities, providers and learners. We continue to focus on driving continuous improvement into the system to ensure that it delivers educational outcomes for all tertiary learners, to contribute to New Zealand's economic prosperity.

We achieved a big milestone during the year with the completion of the Tahatū Career Navigator rollout to all secondary schools. From September 2025, it will be available nationwide, offering an interactive experience designed to help all New Zealanders make informed career decisions at any stage of life.

This year we welcomed four new Board members, which brought different perspectives on issues and complemented the existing Board direction. We acknowledge and thank departing Commissioners Wayne Ngata and Vivien Sutherland Bridgwater for their invaluable contributions as members of the Board. Wayne joined us in November 2019 and acted as Board Chair from March 2024, until stepping down in March 2025.

We acknowledge and thank the wider sector for their participation and collaboration towards achieving the outcomes we seek for all New Zealanders. We also thank our staff and Board for their efforts across 2024/25.



Dr Alan Bollard

Board Chair
Tertiary Education
Commission



Tim Fowler

Chief Executive
Tertiary Education
Commission



Statement of Responsibility

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

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

The Board of the Tertiary Education Commission has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and reporting of the Statement of Performance. In the Board's opinion, these Financial Statements and Statement of Performance fairly reflect the financial position and operations of the Tertiary Education Commission for the year ended 30 June 2025.

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



Dr Alan Bollard

Board Chair

Tertiary Education Commission

31 October 2025



Dr Alastair MacCormick

Chair

Whatitata Whakau –
Risk and Assurance Committee
Tertiary Education Commission

31 October 2025

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

The Tertiary Education Commission Te Amorangi Mātauranga Matua (the TEC) is a Crown agency established under the Crown Entities Act 2004, and we are governed by a Board of Commissioners appointed by the Minister for Vocational Education. As a Crown entity, we give effect to government policy. We work closely with ministers whose responsibilities cover the tertiary sector:

- › Hon Penny Simmonds is Minister for Vocational Education. Her responsibilities include vocational education and Te Pūkenga, Workforce Development Councils (and establishing Industry Skills Boards to manage standards-setting and associated functions), foundation and community education, careers, and tertiary education funding. Minister Simmonds is the minister responsible for the TEC.
- › Hon Dr Shane Reti is Minister for Universities. In addition to being responsible for universities, Minister Reti has responsibility for the Code of Pastoral Care, student support, Fees Free, fee regulation and wānanga.

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. We are New Zealand's government 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 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.

2024/25 performance information

Our annual report provides performance information against our:

- › Statement of Intent 2022/23 – 2024/25 (SOI), and
- › Statement of Performance Expectations 2024/25 (SPE).

Both can be found at: www.tec.govt.nz/corporate-publications.

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

Progress against Government priorities is detailed in:

Part two: Implementing the Government's priorities

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

- › Baseline savings (page 13)
- › Significant Budget decisions (pages 13 and 14)
- › Government and ministerial priorities (pages 15 and 16).

Progress against our SOI is detailed in:

Part three: How we are delivering on our strategic intentions

Our strategic intentions are set out on pages 18 and 19, along with our activities for 2024/25. Performance information related to our core business activities and what has been achieved during 2024/25, including results against SOI trend measures, are included on pages 20 to 38.

Progress against our SPE is detailed in:

Part five: Statement of Performance

This section details performance measures results for the Vote Tertiary Education appropriations where we have responsibility for reporting performance (pages 49 to 76).

Part six: Financial statements

This section provides our financial statements for the year ended 30 June 2025 and includes financial information for the Vote Tertiary Education appropriations where we have responsibility for reporting performance (pages 77 to 110).

PBE FRS 48 requires an entity to present information that enables users to understand and assess an entity's service performance for the year. Details of performance information presented under Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48) is detailed in our Disclosure of Judgements (see pages 51 to 53).

Part two: Implementing the Government's priorities

Wāhanga tuarua:
Te whakatinana i ngā
whakaarotau a te Kāwanatanga

Baseline savings

All agencies are required to set out the amount saved in their Budget 2024 Initial Baseline Exercise (IBE) and how they achieved these savings, including contractor and consultant savings.

The TEC baseline was reduced by \$3.72 million in 2024/25 because of the Budget 2024 IBE. We achieved these savings by a reduction of 25 FTE staff and multiple non-staff-related cost savings, such as significantly reducing our office footprint in Wellington.

Reduction in expenditure on contractors and consultants

In the 2024/25 year, the TEC reduced contractor and consultant expenditure by \$1.09 million, representing 4.3% of total workforce expenditure.

In 2023/24, the TEC had contractor and consultant expenditure of \$3.25 million, which represents 6.7% of total workforce expenditure.

In 2022/23, the TEC spent \$12.20 million on contractors and consultants. This figure includes contract and consultant resource used to deliver the Reform of Vocational Education (RoVE). Excluding RoVE, \$5.7 million was spent on contractors and consultants, which represents 21.4% of total workforce expenditure (11.9% excluding RoVE).

Significant Budget decisions

The following Budget decisions are considered “significant” as they are important to the delivery of the Government’s priorities, important to Parliament and the public, and are material to the TEC.

Vocational education and training (VET)

In December 2024, the Government agreed to introduce legislation that would disestablish Te Pūkenga, enable the establishment of regional institutes of technology, and establish Industry Skills Boards (ISBs) to replace Workforce Development Councils. (See page 15 for more information on the redesign of VET).

A new fund was established to support strategically important vocational education and training provision (\$12.175 million was budgeted for 2025/26 – see Vote Tertiary Education Estimates of Appropriations 2025/26 on page 161).

Funding was also prioritised for Industry Standards setting functions, which will be delivered via ISBs. ISBs will be established from 1 January 2026, and will be statutory standards-setting bodies, with majority industry governance (\$25 million was budgeted for 2025/26 – see Vote Tertiary Education Estimates of Appropriations 2025/26 on page 172).

Fees Free

Budget 2024: First-year Fees Free

As part of Budget 2024, the decision was made to stop first-year Fees Free payments from 2025, and to replace the policy with a final-year Fees Free scheme. The performance reporting on page 62 relates to learners undertaking their study under the original policy settings (first-year learners in the 2024 calendar year), before the policy changed from 1 January 2025. For 2024/25, \$153 million was budgeted, and the TEC drew down \$148.8 million. (See Fees Free Payments on pages 85 to 86 for more financial information).

Budget 2025: Final-year Fees Free:

The TEC Final-Year Fees Free appropriation reflects capital injections of \$5.344 million over two years (\$3.257 million in 2024/25 and \$2.087 million in 2025/26 – see Vote Tertiary Education Estimates of Appropriation 2025/26 on page 183). This funding is to implement the final-year Fees Free scheme. The TEC and Inland Revenue will jointly implement the policy, with Inland Revenue responsible for payments through a streamlined data-sharing process (see our performance reporting on page 16).

Investing in tertiary education to grow New Zealand’s productivity

Budget 2025 supports the TEC’s central role in investing in New Zealand’s tertiary education system through a \$398 million package, spread over four years.

Key areas of investment include:

- › **Tuition and Training Subsidies:** \$213 million to increase tuition and training subsidies by 3% from 1 January 2026, for targeted priority areas across all levels of tertiary study, and an additional \$64 million for a 1.75% increase in subsidies at degree level and above, focused on high-priority areas such as science, clinical psychology, veterinary science and initial teacher education.

- › **Enrolment Growth:** \$111 million to support enrolment growth in 2025 and 2026, including funding for 175 additional Youth Guarantee students per year.

These investments aim to ensure the sustainability and quality of higher education, respond to workforce needs, and support learners to gain skills for employability and productivity.

Significant Budget decision

Look for this symbol throughout our annual report to find performance information on Significant Budget decisions: vocational education and training (VET); Fees Free; and investing in tertiary education to grow New Zealand’s productivity.

Government and ministerial priorities

The TEC is focused on achieving the Government's and Ministers' priorities and delivering our core functions effectively and efficiently.

The Government has set clear expectations that agencies have a strong focus on delivering for New Zealand.

Our Ministers outlined their expectations for how the TEC will implement the Government's priorities in their Letter of Expectations.

Significant Budget decision

The redesign of the vocational education and training system is underway

In December 2024, the Government agreed to introduce legislation that would:

- › disestablish Te Pūkenga
- › enable the establishment of regional institutes of technology and polytechnics as either standalone or federated entities, and
- › establish industry skills boards to manage standards-setting and associated functions.

During the year we began process planning and implementing the proposed changes to the vocational education and training system. We worked closely with Te Pūkenga to monitor its performance and assess the financial readiness of business divisions to be established as standalone institutions. We engaged with industry and Workforce Development Councils (WDCs) to consult them on proposals, inform them of decisions, and enable them to prepare for changes.

Public submissions on the Education and Training (Vocational Education and Training System) Amendment Bill closed on 18 June 2025.

The Education and Workforce Select Committee is expected to report back in September 2025, with the Bill likely to pass in October 2025.

Our work to address compliance requirements has been well received

We need to ensure that learners are getting good outcomes, the Crown is getting value from its investment of \$3.9 billion a year, and public funds are prudently managed. We also need to make sure we are doing a good job of explaining to our sector partners why we require information and how it is used.

Over the past year we have worked closely with the sector to clarify and simplify requirements, improve transparency, and support providers to understand and meet TEC requirements and expectations. As we review and update business processes, or design and introduce new ones, we are embedding the principle of minimising compliance into our approach. This ensures that opportunities for improvement are considered at each stage of the investment cycle.

Significant Budget decision

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

The final-year Fees Free scheme will pay students their Fees Free entitlement equal to the fees for their final year of study or work-based learning, following completion of their first eligible qualification or programme. The TEC is working with the Ministry of Education, the Ministry of Social Development (MSD), and Inland Revenue (IR) to develop a new operating model and systems to implement the scheme.

The solution includes multiple data-sharing feeds across the agencies and is targeting technical go live in October 2025. Learners will be able to apply for final-year Fees Free from 15 January 2026, when the application tool goes live in IR's MyIR web portal.

The new scheme and delivery model transfers the responsibility for payments to students under the scheme from the TEC to IR. Calculation of entitlement and eligibility remains with the TEC and includes data from tertiary education organisations, the New Zealand Qualifications Authority and MSD.

The first-year Fees Free scheme has entered a transition period with no new learners in 2025. The TEC continues to administer the scheme through this period, and we expect to close out final allocations early in 2026.

Significant Budget decision

We continue to invest in higher education

During the year, the TEC continued to invest significantly in higher education, particularly in priority provision.

Health education continues to be a targeted investment priority. Providers have responded to the needs of the health sector workforce by increasing enrolments across most areas of health provision.

Other higher education investment priority areas include science, technology, engineering and maths (STEM), the food and fibre sector, and the construction and infrastructure sectors.

We also ensure that higher education providers are continually improving their performance. Where we have concerns about performance, we use levers such as engagement, additional reporting and ring-fencing funding, to further ensure improvement.

We know that 2026 will be a very tight fiscal environment, with more demand than can be fully funded. This environment places greater emphasis on the need for the TEC's investment decisions to prioritise high-quality provision that has good outcomes for learners and supports productivity and economic growth across many sectors in New Zealand.

Part three: How we are delivering on our strategic intentions

Wāhanga tuatoru:
Tā mātou whakatinana
i ō mātou koronga rautaki

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

Our strategic intentions

OUR GOALS



An adaptable system

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



Build the right skills to succeed

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

OUR ACTIVITIES FOR 2024/25

Reflect core business contributions that are progressing our intentions

Investment Core Business:

- ▶ Investment cycle and funding
- ▶ Fund design and management
- ▶ Off-plan funding and reporting
- ▶ Relationship management with tertiary education organisations, industry, iwi, employers, communities and learners
- ▶ Building sector capability

TEO Monitoring & Risk Management Core Business:

- ▶ Audits and investigations help tertiary education organisations comply with funding rules, and protect learners' interests
- ▶ Financial monitoring supports responsible investment and a sustainable sector
- ▶ We support the governance and capital asset management of Crown-owned institutions

Careers Core Business:

- ▶ Developing and providing a publicly available careers information service, including information about occupations and tertiary education and training
- ▶ Facilitating and strengthening the connections between schools, employers and tertiary education organisations
- ▶ Leading the development and implementation of the National Careers System Strategy (NCSS)

Our strategic intentions for the period 2022/23 – 2025/26 reflect our legislative functions and span the breadth of work we do as an organisation. Our strategic intentions describe the outcomes and intentions we seek to achieve for New Zealand. They also describe our core business activities and key project contributions that are required to progress our intentions.



Improving educational outcomes

Education, training and career pathways support improving educational outcomes

Learner Success Core Business:

- ▶ Works with the sector to deliver system-level equity of education outcomes for all learners
- ▶ Builds the TEC's organisational capability to deliver on our goal of equity of education outcomes



Equip TEC for the future

An insight driven, efficient and effective TEC

- ▶ Efficient and effective corporate function
- ▶ Closing gender and ethnic pay gaps
- ▶ Reducing contractors and consultants
- ▶ Data System Refresh
- ▶ Cybersecurity

We manage the Government's investment in tertiary education

We are the Government's key agency for investment in tertiary education. 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 (TEOs).

Our investment in the tertiary education system supports more than 700 organisations across New Zealand to provide all forms of post-secondary education, including foundation education, vocational education and training, and higher education (including research). With a finite amount of funding available, we have a carefully considered approach to allocating tertiary funding. Our investment helps TEOs respond to stakeholder needs and priorities, providing New Zealand with the skills and qualifications needed to maintain an appropriate network of provision and drive economic growth.

Investment priorities are identified through a range of engagements, advice and information, and reflect the current Tertiary Education Strategy, Government priorities, and TEC focus areas, as well as advice about demand from industry, employers and regions.

Our investment work delivers on the following outcome:

An adaptable system



Investment cycle and funding

During the year, we continued our careful and considered approach to allocating tertiary funding. We invested in provision that generates economic growth, maintains an appropriate network of provision, achieves the best outcomes for learners, and responds to stakeholder needs and priorities.

Government and industry priorities inform our investment decisions, where TEOs can demonstrate alignment and good learner outcomes. The TEC monitors the performance of all TEOs and responds accordingly.

Several educational performance indicators are improving. In provider-based education, first-year retention rates significantly lifted in 2024 to 77.6%, and there was a modest increase in course completion rates to 84.9%. Both measures are the highest since current educational performance indicators were established in 2016. Work-based indicators saw credit achievement rates improve to 78.3% – the highest rate since 2017. Longer-term completion rates are yet to show such shifts.

Managing tertiary provision in a fiscally constrained environment

Between July and December 2024, the TEC's Board of Commissioners agreed over \$3.2 billion of funding allocations for 2025, with 245 on-Plan providers. To ensure good outcomes from the Crown's investment in tertiary education and skills, we support TEOs to deliver on the Government's priorities and achieve positive outcomes for learners.

To plan their delivery, and best support their learners, providers need certainty around expectations and funding. We have increased our engagement on funding prioritisation (and reprioritisation where needed) to ensure there is a focus on delivering value for money and results for New Zealanders. Using forecasts and data analysis, and building on last year's approach, in 2024/25 we continued to actively manage in-year adjustments to focus on greater alignment between allocation and the delivery that meets the Government's and industries' strategic priorities. The final 2024 funding recovery from 2024 was just \$13 million, a 90% reduction compared to 2023, and just 0.4% of the total allocated funding.

We have improved transparency by publishing our Response Framework to set out performance and interventions expectations. This helps providers get it right the first time, spending less time on administration and more time on achieving good outcomes for their learners, while maintaining our ability to get the best return on the Crown's investment in the sector.

Using the Response Framework, we continue to manage pockets of lower performance through embedding learner success principles and frameworks within the sector and following up with specific TEOs when performance concerns are identified, to ensure improvement actions are underway.

We also continue to focus on collaborating with tertiary-sector representative bodies to identify opportunities to minimise compliance for providers so they can more easily meet requirements and expectations. We are seeing progress. Several improvements were actioned this year, including reducing the reporting requirements for Māori and Pasifika Trades Training, simplifying eligibility processes for some Youth Guarantee and Level 1–2 training, and improving clarity for providers on when Significant Plan Amendments and Replacement Plans are required.

We are the connector between providers, learners, iwi, communities, industry and employers

The TEC continues to strengthen its focus on supporting economic growth by engaging with iwi, regional economic development agencies, Chambers of Commerce, employers, and community stakeholders. This enables us to gain regional insights to inform our investment decisions and priorities, as well as guide the design and delivery of our products and services. This also allows us to look across the wider sector and better connect with our partners and providers to share insights, lessons and opportunities.

We take opportunities to engage face-to-face on sector priorities, funding processes and careers system leadership. Our public-facing teams can be seen out and about meeting stakeholders at events such as the Career and Transition Educators Conference, the NZ Principals Federation Conference, iwi-focused hui, business events, and employment and careers expos.

We continue to build our relationships with iwi, in particular iwi that we hold Treaty settlement relationship agreements with. New Zealand has a growing Māori economy, which is a critical driver of national economic growth. We strive to understand iwi aspirations for education-to-employment, careers, and wider social goals, and how we can support them in achieving their aspirations. Where this sits outside our remit, we act as a connector between iwi, providers, and other Crown agencies, to honour our Te Tiriti o Waitangi commitments and support the Māori-Crown relationship overall.

Off-plan funding and reporting

Off-plan funding is invested with TEOs and other entities to deliver bespoke initiatives designed to meet government priorities. Funding covers foundation education, vocational education and training, and higher education and research.

Foundation education

One of the funds, **Employer-Led Workplace Literacy and Numeracy**, aims to increase literacy and numeracy skills of employees. It was funded at \$7.8 million in 2024/25, reaching over 2,400 employees in more than 77 workplaces. Strengthening literacy, numeracy, and foundation skills empowers individuals to pursue further upskilling, in turn opening up pathways for greater economic productivity and business growth, and enhancing household incomes and overall social wellbeing.

Vocational education and training

The following includes information on several areas that have been discontinued or are being wound down.

The **Centres of Vocational Excellence (CoVEs)** were pilots funded to drive innovation and excellence in vocational education and training. The Food and Fibre CoVE, hosted by the Eastern Institute of Technology | Te Pūkenga, has produced a Māori Leadership Development Framework, including a Tautoko Toolkit, which offers a principles-based, sector-wide approach to support high-quality internship programmes across New Zealand's food and fibre industries.

ConCoVE, the Construction CoVE, hosted by Manukau Institute of Technology | Te Pūkenga, has completed a project that addresses sexual harassment in the construction sector through a te ao Māori lens. It has also completed a project that uses artificial intelligence to transform assessment design, moderation and delivery.

TEC funding for CoVEs concluded on 30 June 2025 but the two CoVEs will continue to operate until at least the end of the 2025 calendar year.

The six **Workforce Development Councils (WDCs)** represent the full range of industry sectors across New Zealand. Their purpose is to reflect industry views and provide leadership on future skills and workforce needs, to develop qualifications and standards and provide assurance that quality is maintained across all educational providers, and to advise the TEC on its investment in vocational education and training.

The WDCs' work on development of qualifications and standards and quality assurance will be taken over by Industry Skills Boards on 1 January 2026, and WDCs will be disestablished. In the meantime, they have been supporting their industries to understand and engage with the change proposals, to help achieve a smooth and successful changeover.

Strategic Component Funding of \$77 million was invested in 2024, with \$52 million to Te Pūkenga, \$21 million to 101 private training establishments, and \$4 million to three wānanga – Te Wānanga o Aotearoa, Te Wānanga o Raukawa, and Te Whare Wānanga o Awanuiārangi. Funding has been used for a variety of purposes, including curriculum development, new micro-credentials and programmes, career pathways, employability programmes, digital course content, augmented and virtual reality (including a flight simulator), better engagement with Māori and Pacific learners, learner wellbeing and safety, data management to support learner success, and regional provision. Strategic Component Funding was discontinued at the end of 2024.

Higher education and research

The **Centres of Research Excellence (CoREs)** carry out world-leading research which produces ideas that provide commercial opportunities and promote collaborative activity. They engage in educational outreach, share knowledge with the community, inform policy, support industry with their expertise, and foster start-up companies. They provide specialist training for postgraduate students and early career researchers, and balance that with opportunities for them to show leadership and to obtain professional development on topics as diverse as job-seeking, technology transfer, and cultural awareness.

There are ten CoREs, each hosted by a university, with an average of 11 partner organisations per CoRE. They are funded until December 2028, with total funding from the TEC of \$50 million per year. Between them, the MacDiarmid Institute, Te Whai Ao Dodd-Walls Centre, the Maurice Wilkins Centre, and the Riddet Institute have created 13 spin-out companies in the last three years. For the Riddet Institute, a highlight in 2024 was recognition of the work of its Director, Distinguished Professor Harjinder Singh, who received three highly prestigious awards – Companion of the NZ Order of Merit, the Royal Society of New Zealand's Pickering Medal, and the Institute of Food Technologists' Lifetime Achievement Award. One of his achievements has been to lead the development of FerriPro™ technology, a food ingredient that is designed to combat iron deficiency, which affects more than 1.6 billion people worldwide.

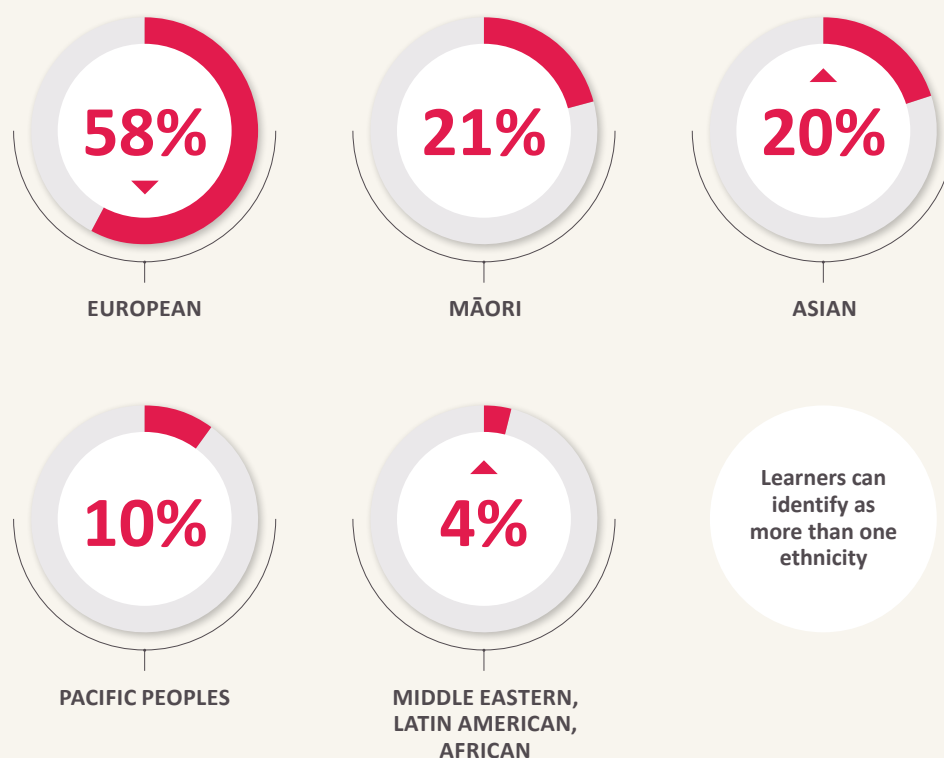
Our tertiary education learners

In 2024, there were

443,490.

TEC-funded learners enrolled in Te Pūkenga, universities, wānanga, and private training establishments¹

TEC-funded learners²



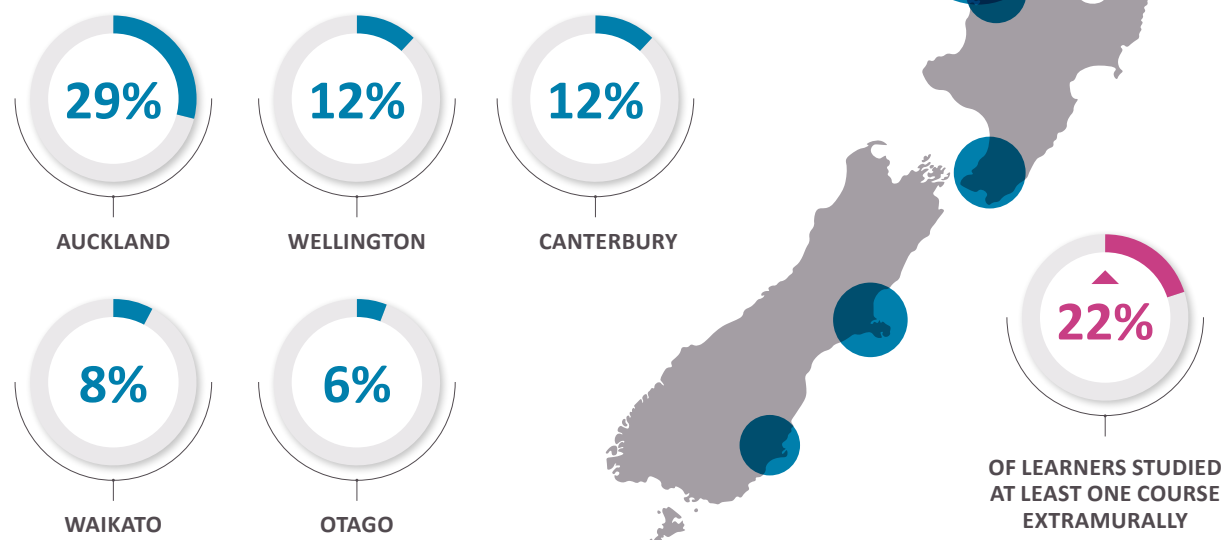
1. Data is based on both the Single Data Return and the Industry Training Register.

2. Learners can be counted more than once when they are reported in more than one category. Therefore, the sum of learner numbers in individual categories may exceed the total number of TEC-funded learners (443,490), and aggregated percentage values may exceed 100% or the total percentage.

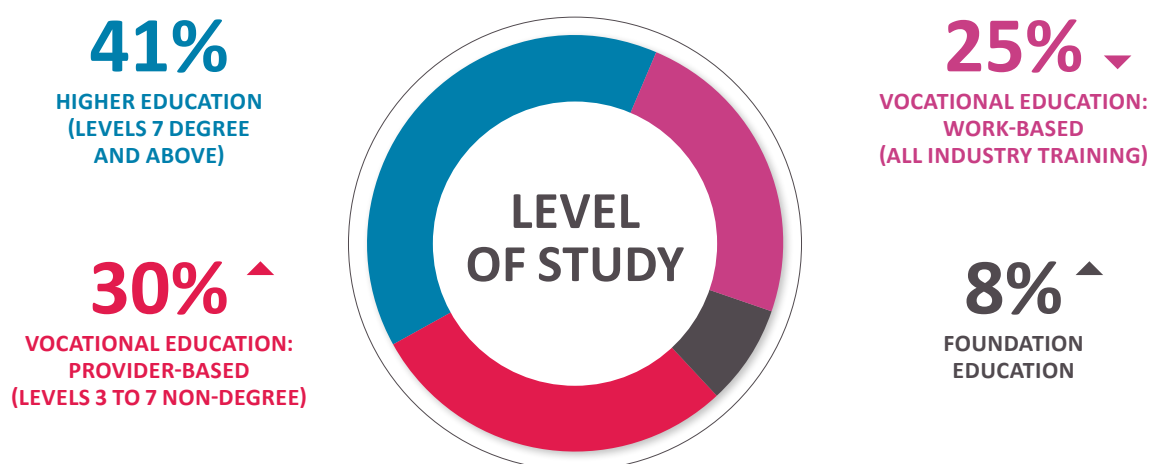
3. Data is based on the Single Data Return.

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

66% of learners studied or trained in these five regions²



Learners studied and trained at these levels²



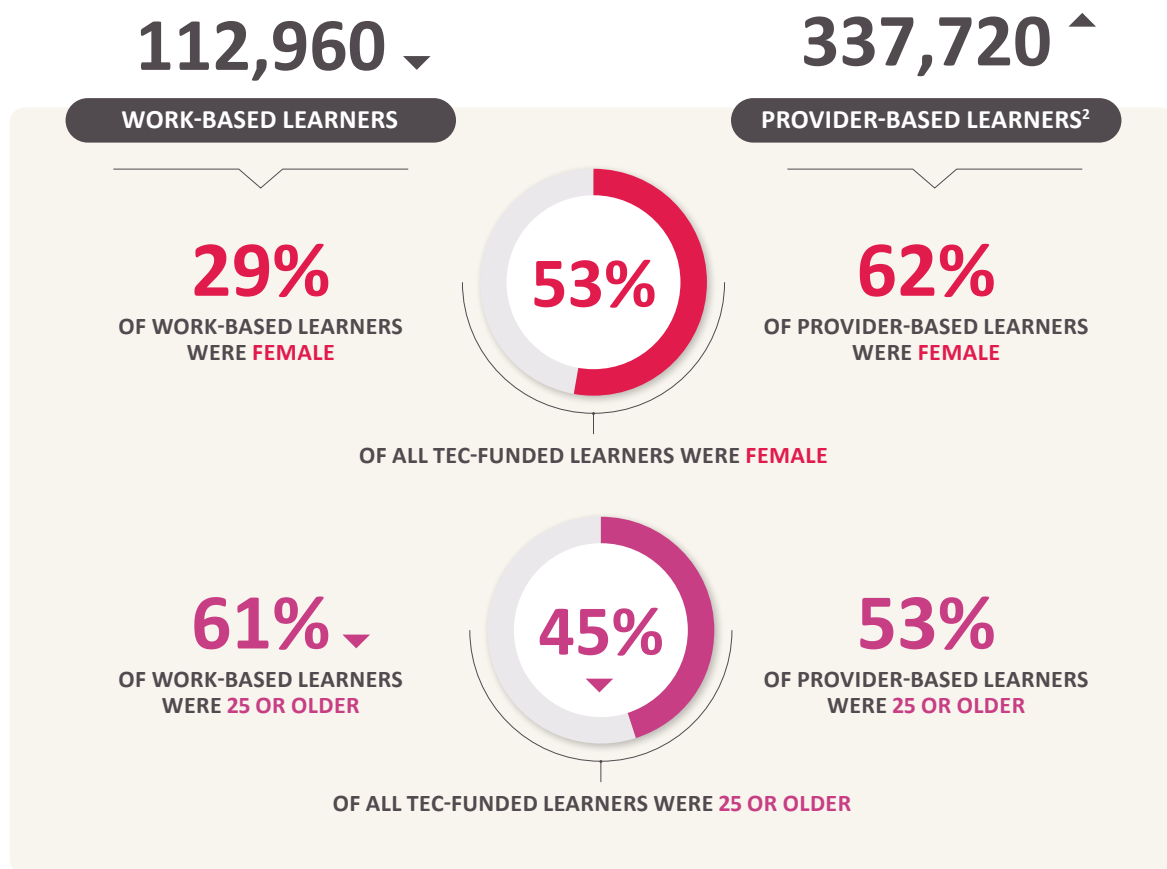
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3. Data is based on the Single Data Return.

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

TEC learners eligible for funding included



2024 completion rates for TEC-funded learners included¹



In addition to the TEC-funded learners, there were **50,305** ▲ provider-based international fee-paying learners. **86%** of these international learners were from Asia.³

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

2. Learners can be counted more than once when they are reported in more than one category. Therefore, the sum of learner numbers in individual categories may exceed the total number of TEC-funded learners (443,490), and aggregated percentage values may exceed 100% or the total percentage.

3. Data is based on the Single Data Return.

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

Measures and trend information

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



Collaboration

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

Measure

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

2024/25 progress

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

- › **PTE Skills4Work has partnered with Waahi Paa Marae (Tainui)** to deliver butchery training directly to whānau in the Waikato region. With the acquisition and fit-out of three fully equipped Mobile Butchery Training Units, Skills4Work is now bringing this training to regional communities, offering education within marae environments.
- › **University of Canterbury (UC), University of Otago (UO), Otago Polytechnic (OP) and Ara** are working together on regional health provision to minimise duplication and overburdening available student placements. This includes Ara dropping its postgraduate delivery (to be picked up by UC) and UC not providing undergraduate nursing. Ara is also moving away from postgraduate health programmes and focusing on transitional pathways to UO and UC for Master's-level education in nursing and health sciences.
- › The first cohort of students recently graduated from the **Food Transitions 2050 postgraduate** school, a partnership between UC, Lincoln, and Crown Research Institutes (formerly Plant & Food Research, Manaaki Whenua and AgResearch).
- › Through Ngā Kete, **the TEC provided regional tertiary education data and insights to iwi** such as Ngāti Maniapoto and Ngāti Kahungunu, supporting them to engage effectively with tertiary education providers. This contributed to outcomes such as Te Wānanga o Aotearoa tailoring an Adult and Community Education programme in response to Ngāti Maniapoto's priorities. The TEC supported Ngāti Kahungunu's Education to Employment initiative by facilitating provider engagement and data sharing to inform strategic planning. Agencies including Eastern Institute of Technology, New Zealand Qualifications Authority, Ministry of Education, and Teaching Council of Aotearoa New Zealand are working together with the TEC to build an enabling system for iwi in the Hawke's Bay region.

Sustainable provision

This measure assesses the levels of confidence education providers have in relation to a sustainable network of provision.

Measure	2024/25 Actual	2023/24 Actual	2022/23 Actual
Confidence in provider and employer network to deliver sustainable provision (Note 1)	47% (Note 2)	50%	31%

Note 1 – The TEC replaced the Partner and Provider Survey (previously run externally) with a new Tertiary Sector Survey (TSS) run early in 2025. We developed the survey in-house to focus on the TEC’s tertiary investment and monitoring functions, and we rebalanced the sample to focus on organisations that get most of our funding. The question we asked about sustainable provision was identical to the one asked in last year’s survey. The TSS survey went out to 284 recipients and 83 responded.

Note 2 – Significant consultation on the changes to the Vocational Education and Training system is likely to have contributed to the decline in confidence.



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

Post-study outcomes

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

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

Note 1 – Learners who completed vocational education and training are likely to have been the main contributor to the increase compared to 2023, with more choosing employment over further study.

Work integrated learning

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

Measure	Group	2024 Actual	2023 Actual	2022 Actual	2021 Actual	2020 Actual
Number of employers and learners involved in work integrated learning	Employers involved in work integrated learning	30,869 (Note 1)	34,262	37,784	35,601	31,553
	Learners involved in work integrated learning	112,958 (Note 1)	127,885	149,545	143,545	128,128

Note 1 – After year-on-year increases, this is the second year in a row that we have seen a decrease in the number of employers and learners compared to the previous year. This trend is likely driven by the broader economic conditions, the conclusion of the Targeted Training and Apprenticeship Fund in 2022, along with changes to Apprenticeship Boost Initiative eligibility and payments.

Graduate skills

This measure tracks key industry and Māori sector stakeholders' view of the relevance and consistency of graduate skills.

Measure						
Employer/industry feedback on relevance and consistency of graduate skills						
Indicator of progress towards achieving this measure (WDC survey measure results)	Hanga-Aro-Rau (Manufacturing, Engineering, and Logistics)	Muka Tangata (Food and Fibre)	Ringa Hora (Services)	Toi Mai (Creative, Cultural, Recreation, and Technology)	Toitū Te Waiora (Community, Health, Education, and Social Services)	Waihanga Ara Rau (Construction and Infrastructure)
% of key industry and Māori sector stakeholders that agree graduates have the relevant skills (Notes 1 & 2)	2023/24 Actual					
	48%	48%	72%	48%	76%	39%
	2024/25 Actual					
	34%	47%	70%	48%	61%	51%

Note 1 – Workforce Development Councils (WDCs) were asked to report on this measure as part of their 2024 funding agreements. WDCs were asked to report on the percentage of key industry and Māori sector stakeholders that agree graduates have the relevant skills.

Note 2 – Across the six WDCs, the average of 52% shows a slight decrease in stakeholders' view that graduates have the relevant skills compared to last year's average of 55%.

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

The TEC undertakes a range of monitoring activities on behalf of the TEC Board of Commissioners to inform funding decisions, and on behalf of the Crown given its ownership interest in tertiary education institutions (TEIs). Our monitoring helps to support learner success and ensure accountability for public funding, and it contributes to the TEC's stewardship of the overall tertiary system.

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

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

In 2024/25, the TEC completed 42 compliance audits of TEOs (up from 39 in 2023/24). Based on the TEC's 2025 Tertiary Sector Survey, 85% of TEOs we audited agreed or strongly agreed that their audit report was clear and easy to understand (up from 75% in 2023/24), and 85% agreed or strongly agreed the report was useful to their organisation (up from 72% in 2023/24).

Findings from our audits, investigations and broader reviews are routinely shared with the sector to build TEOs' awareness of common issues. In 2024/25 we published three monitoring updates (available on the TEC website), covering a wide range of guidance on compliance matters.

Our monitoring work delivers on the following outcome:

An adaptable system



Financial monitoring supports responsible investment and a sustainable sector

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

The tertiary sector continues to respond to several financial pressures, with most TEIs continuing to implement their financial recovery plans. While financial performance has generally been supported during 2024/25 by increases in both domestic and international enrolments, there remain some risks that TEIs and the TEC must closely monitor. These include:

- › the TEC's constrained funding environment, which means TEIs' strategies need to focus on improving underlying profitability, as well as relying on growth to improve financial performance
- › targeted funding rate increases set through Budget 2025, which will have a varied impact across the sector and could lead to some TEIs needing to further restructure or rationalise programmes to protect and manage profitability
- › changing market shifts and learner preferences, for example, international student enrolment growth being largely in shorter postgraduate qualifications, which creates a less stable enrolment 'pipeline' for institutions in the event of a market shock, and
- › TEIs' need to balance capital investment that supports long-term strategic growth objectives against near-term profitability and financial pressures.

The TEC assesses the financial viability of all funded private training establishments (PTEs) each year, and over half are currently considered a high or

medium risk. We are continuing to strengthen our use of lead indicators of risk to enable early engagement with PTEs and, where possible, support the management and mitigation of risks that could otherwise impact on learners and the national network of provision. This has helped the TEC to support some PTEs to work through major financial challenges during 2024/25.

During 2024/25, we began engagement and consultation with the PTE sector on a new financial monitoring framework. This work is ongoing, but so far has identified areas where improvements can be made to help reduce compliance costs for PTEs while not reducing the TEC's ability to access quality information. This review will be finalised in 2025/2026.

We support the governance and capital asset management of Crown-owned institutions

In 2024/25 we supported the responsible Minister to make one reappointment to a wānanga council. We have also undertaken a very large work programme to identify candidates for and advise responsible Ministers on 30 appointments to polytechnic establishment advisory groups. These are to be appointed in early 2025/26, while 15 appointments to universities and wānanga councils fall due during 2025.

All Crown-entity TEIs are required to submit an updated capital intentions plan each year, and to participate in annual assessments of their capital asset management capability. Independent assessments of asset management capability undertaken in 2025 have confirmed that TEIs have good levels of capability and have maintained increases in capability identified by the last independent assessments conducted in 2023. The TEC maintains oversight of this information to provide assurance that the tertiary sector's assets, collectively worth approximately \$18 billion, are being well managed. We use this information to provide advice to the Secretary for Education when TEIs seek to exercise certain powers, including disposing of assets or borrowing to support capital plans.

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

Our monitoring work collectively informs our overall view of risk for individual tertiary education organisations and different subsectors, which helps us to manage risks to the Crown, the investment of public funding, and to learners.

During 2024/25 our monitoring work continued to be integral to the Government’s priority of redesigning the vocational education and training system, including advising on the viability of Te Pūkenga’s polytechnic business divisions to operate as standalone entities, and informing modelling and advice on the establishment of Industry Skills Boards. We also worked closely with the University of Waikato and the Ministry of Health to ensure Cabinet was well informed on the implications for the tertiary education system of establishing a third medical school.

Measures and trend information

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



Monitoring the financial viability of the organisations we fund

This measure provides information on the financial viability risk for the organisations TEC funds.

Indicator of progress (Statement of Performance Expectations new narrative measure result)

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 informs the TEC investment process as well as, where appropriate, engagement and interventions to understand, monitor and respond to risks at both an organisation and system level. This work helps to ensure a financially resilient tertiary education sector and protects learners’ interests.

2024/25 progress

To 30 June 2025, the TEC received and reviewed financial information from all WDCs 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 that we are unable to assess.

We deliver quality career information and services

The TEC has a legislative role to provide occupational and educational information, and to build linkages between schools, tertiary providers, employers and communities to ensure learners are ready for employment and further study.

The focus of our careers work is to equip New Zealanders with the skills and capabilities to make them career confident and resilient. For our learners and partners, this means providing information, tools and support to inform and enable good educational and employment decisions.

The TEC holds a leadership role in the Careers system

We are responsible for leading and coordinating the implementation of the National Careers System Strategy (NCSS) Action Plan, a cross-agency plan to move the careers system towards the vision – “people are empowered to understand themselves and their aspirations and can navigate careers opportunities that fit throughout their lives”. This directly contributes to the Government’s commitment to the “Building Talent” and “Going for Growth” initiatives.

We continued the development of our career planning website

The TEC’s new career planning website, Tahatū Career Navigator, is designed to support New Zealanders to make informed career decisions, not only while in school but at any stage in their lives.

Tahatū Career Navigator features a database of over 800 occupations, specifically researched for the New Zealand environment. It profiles nearly 100 NCEA school subjects and 4,000 qualifications, and includes a series of videos where people are shown working in and talking about their jobs and sharing the pathways they followed in getting there. It provides up-to-date information about job opportunities through integrations with Trade Me and SEEK.

After a successful secondary school launch in April 2025, Tahatū Career Navigator will be available to all New Zealanders from September 2025.

Our careers work delivers on the following outcome:

Build the right skills to succeed



We facilitate and strengthen connections between schools, employers and tertiary education organisations

The Inspiring the Future programme helps facilitate and strengthen connections between schools, employers and future pathways. It connects students with volunteer role models from the world of work, in fun and inspiring events that broaden career options and challenge stereotypes.

At 30 June 2025, 427 schools have signed up (17% of schools in New Zealand) and 412 events have been completed. Inspiring the Future has facilitated 30,000 connections between young people and the world of work.

Inspiring the Future at NZ Career Expos

We ran 15 Inspiring the Future events at all seven locations of the NZ Career Expo, involving 22 schools and more than 400 students. We partnered with industry to showcase various pathways.

The Pacific Work Connect programme has assisted people to become job ready

The TEC delivered Pacific Work Connect from July 2024 to June 2025, funded by the Ministry of Social Development. It was a career support initiative that assisted Pacific people in New Zealand to navigate employment pathways, understand the New Zealand workforce landscape, improve job readiness, and access training and upskilling opportunities. The programme provided culturally grounded career support to over 300 Pacific clients across Auckland and Waikato.

Measures and trend information

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



Career information

This measure tracks the value of the careers information we provide to inform education and employment decisions.

Measure						
Feedback from New Zealanders on the usefulness of TEC career information to assist with education and career related decision making (Note 1)						
Indicators of progress towards achieving this measure (SPE measure results)		2024/25 Actual	2023/24 Actual	2022/23 Actual	2021/22 Actual	2020/21 Actual
Percentage of people seeking to make a learning or work decision that agree the information and tools provided by TEC assisted that decision	Learning decision	65% (Note 2)	71%	74%	77%	76%
	Work decision	70% (Note 3)	68%	72%	66%	75%

Note 1 – This measure result reflects feedback from New Zealanders on our old website careers.govt.nz and therefore does not consider the suite of career information and tools on the newly developed careers website Tahatū Career Navigator, which went live for secondary schools in March 2025.

Note 2 – The decrease reflects our focus on rolling out our new career website Tahatū Career Navigator. Some information on the outgoing careers.govt.nz website may be out of date, contributing to the decline.

Note 3 – We have been promoting the Job Hunters' Workbook since 1 December 2024, which resulted in an increase in downloads and page views compared to the previous year. This is likely to have positively impacted careers.govt.nz users making a work decision.

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

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

Supporting the sector to build their capability

From 2027, the learner success approach will be further embedded into investment rounds, with the aim of streamlining Plan components and reducing compliance. We will consult with the sector on our proposed approach during the 2025 calendar year.

In parallel with monitoring and engaging on Learner Success Plans and Disability Action Plans, we release guidance, research, and best-practice examples to support TEOs in their core business activity of improving learner outcomes. We also have a focus on sharing and developing resources that better enable the sector to be learner-centric and achieve better education outcomes for learners. In addition to large TEOs, these are important in enabling smaller tertiary providers, that we do not have regular engagement with, to understand and implement learner success approaches.

The Learner Success Community of Practice supports learner success capability-building through hosting knowledge-sharing sessions and creating collaborative spaces for TEOs to share learner success best practices, insights and lessons with each other.

Over the last year, we hosted four online sessions, with TEOs and learners presenting on topics including Curriculum Redesign, People and Culture, and Employability and Industry Engagement. We also published our first “lightning” session on Teaching and Learning – a shorter pre-recorded video released for capability building. These sessions have had strong engagement from the sector.

Our learner success work delivers on the following outcome:

Improving education outcomes



We continue to see improvements for learners as a result of the learner success work of the sector

We are seeing continued improvement in the capability of the tertiary sector to deliver better learner outcomes, with a greater acknowledgement from the sector of the need for an all-of-organisation learner focus to improve achievement for under-served groups. Recent success stories include:

- › Te Wānanga o Aotearoa saw improvements in 2024 for their taura in a range of areas, including increased programme completions (69.2%, up 3.4% from 2023), increased course completions (77.1%, up 4.2%), an increased retention rate (82.3%, up 3.6%), and an increased proportion of Māori enrolments (up 2%), and
- › Lincoln University's outcomes for taura Māori improved in 2024 with increased degree (Level 7) course completion (91.5%, up 3.3% from 2023), increased non-degree (Levels 4–7) course completion (77%, up 11.2%), and increased first-year retention (80.3%, up 2.2%).

Measures and trend information

These measures show progress against the following outcome:
Improving education outcomes



Learner success

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

Measure		
Number of tertiary education organisations achieving Learner Success progress measures or targets		
Indicators of progress towards achieving this measure (SPE measure results)	2024 Actual	2023 Actual
Percentage of tertiary education institutions that are delivering on the milestones in their Learner Success Plans	100% (Note 1)	75%

Note 1 – All TEIs delivered on their LSP milestones.

Disclosure: The wording of our learner success measure has changed since last year when we reported the number of tertiary education organisations that were delivering on milestones in their Learner Success Plans (LSPs). This measure was changed in our SPE 2024/25 to reporting on TEIs delivering on their LSP milestones (see measure above). This change, to focus on the progress TEIs made on delivering LSPs, provides more meaningful performance reporting. We have focused 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.

Parity rates

We want to see achievement patterns for under-served learners be on a par with other learners in the tertiary education system.

The following retention and educational outcomes measures track the difference in achievement between one group and another (the parity gap).

Measure							
Year 1 retention rate parity between under-served learners and other learners in the tertiary system (Note 1)							
(SPE measure result)	Group	Level	Parity gap				
			2024	2023	2022	2021	2020
First year retention rates for qualification at:	Māori (relative to non-Māori and non-Pacific)	Levels 4-7 non-degree	-10.2 percentage points (Note 1)	-0.9 percentage points	-3.0 percentage points	-4.6 percentage points	-6.9 percentage points
		Level 7 degree and above	-9.3 percentage points (Note 2)	-8.9 percentage points	-9.1 percentage points	-9.8 percentage points	-9.8 percentage points
	Pacific (relative to non-Māori and non-Pacific)	Levels 4-7 non-degree	-23.8 percentage points (Note 2)	-7.2 percentage points	-4.6 percentage points	-10.5 percentage points	-8.8 percentage points
		Level 7 degree and above	-7.8 percentage points	-9.7 percentage points	-6.9 percentage points	-7.5 percentage points	-8.6 percentage points

Note 1 – While the retention rates for Māori learners improved, they improved significantly more for non-Māori non-Pacific learners. This led to a widening of the parity gap compared to 2023.

Note 2 – The retention rate improved for non-Māori non-Pacific learners and deteriorated for Pacific learners, resulting in a significant increase in the parity gap. The increased parity gap is likely due to cost-of-living issues putting pressure on learners to go into employment instead of continuing to study, as learners may have prioritised supporting their families and communities over their learning commitments.

Measure	Group	Parity gap				
		2024 Actual	2023 Actual	2022 Actual	2021 Actual	2020 Actual
Parity between educational outcomes of under-served learners and other learners in the tertiary system (Note 1)	Māori (relative to non-Māori and non-Pacific)	-14.9 percentage points (Note 2)	-14.0 percentage points	-13.3 percentage points	-14.7 percentage points	-13.5 percentage points
	Pacific (relative to non-Māori and non-Pacific)	-16.3 percentage points (Note 2)	-14.6 percentage points	-17.5 percentage points	-14.5 percentage points	-15.8 percentage points

Note 1 – This measure tracks the movement in the parity gap between under-served learners and all other learners in relation to the achievement of a formal qualification (Level 4 industry training or Level 7 degree). In 2024/25 we have reported on the parity gap of educational outcomes for Māori learners (relative to non-Māori and non-Pacific learners) and Pacific learners (relative to non-Māori and non-Pacific learners).

Note 2 – Several factors may have contributed to the increased parity gap for both Māori and Pacific learners, including the ongoing impact of COVID-19 and the challenging economic conditions over the past year, both of which tend to have a greater impact on the Māori and Pacific communities.

Part four: Our efficient and effective internal functions

Wāhanga tuawha:

Ā mātou mahi rāroto whāomo me te tōtika

We strive to equip TEC for the future

To deliver on government and ministerial priorities and our core functions, it is essential that we have the right people, processes and technology.

Equip TEC for the future is our internal outcome and underpins our three external goals.

We continually aim to increase our efficiency and effectiveness both internally and externally to provide value for money for New Zealand.

Our productive and results-driven corporate function

Across the 2024/25 year we have continued to refine and improve our corporate capabilities, resulting in improved functionality across our internal data-sharing platforms and better supported information channels.

As well as updating our operating system, which includes an AI assistant, we successfully updated our document management system, enabling our staff to work more efficiently on a secure, cloud-based platform. Modernising our information and collaboration tools allows us to simplify our technology support and reduce our licensing and support costs.

We use risk management to support effective decision-making

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

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

This work delivers on the following outcome:

Equip TEC for the future



We continue to improve our privacy maturity

Our privacy space continues to operate at a high level. This year we refreshed our privacy and personal information policy to outline the TEC's policies for the collection, use, disclosure, and storage of personal information. We have continued to develop and deliver privacy training to our staff to ensure they understand their obligations when working with personal information.

We are prepared for disruptions and emergencies

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

We hold two business continuity exercises each year to test our emergency response and business continuity plan. We use different scenarios to test our preparedness across a range of areas.

Closing our gender and ethnicity pay gaps

As at 30 June 2025, our overall gender pay gap (with men paid more than women) is 10.4%, down from 11.3% in 2023/24.

Women continue to make up around 60% of mid- to senior-level positions, but are under-represented in the top three leadership tiers, where women account for 38% and men 63%.

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

Our workforce profile has changed again this year. We have a reduced headcount, and the distribution of women, men and ethnicity within some grades and roles is different from 2023/24.

The TEC continues to focus on improving representation of:

- › women in senior IT roles
- › men in advisory and support roles, and
- › Māori and Pacific people in the organisation.

We published our Gender and Ethnicity Pay Gap Action Plan (GEPGAP) in December 2024, following guidance from the Public Service Commission (PSC).

Measures and trend information

These measures show progress against the following outcome:
Equip TEC for the future



Gender pay gap

This measure tracks the percentage difference between the average salary of men and women, expressed as a percentage of men’s salary.

Measure	2025 Actual	2024 Actual	2023 Actual	2022 Actual
Closing the gender pay gap	10.4%	11.3%	10.7%	11.7%

Who we are

304 TOTAL STAFF

TOTAL FTES: 299.2

FEMALE

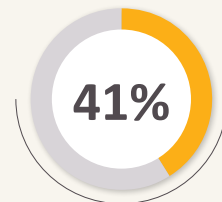


FEMALE

44yrs

AVERAGE AGE

MALE



MALE

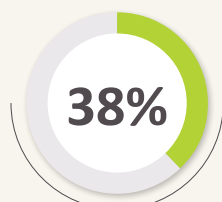
43yrs

AVERAGE AGE

43yrs
AVERAGE
AGE

ACROSS ALL STAFF

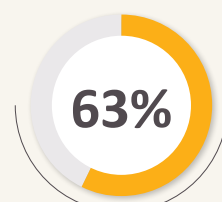
TIERS 1-3



FEMALE



TOTAL STAFF



MALE

LENGTH OF SERVICE

6.2yrs

AVERAGE YEARS

6.0yrs

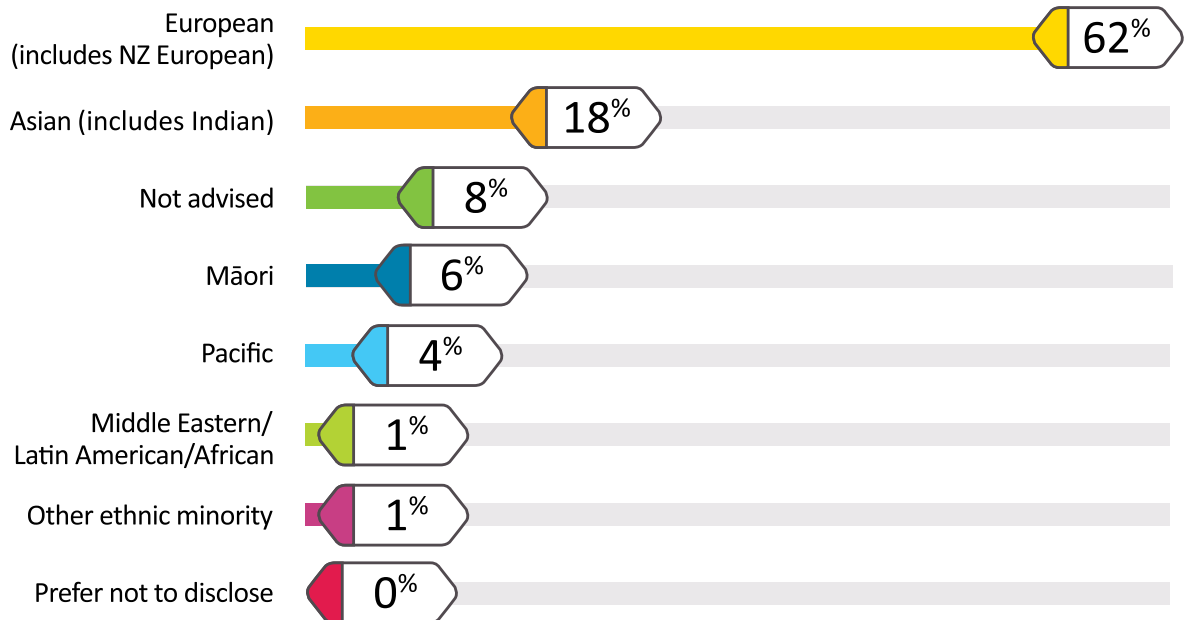
AVERAGE ACROSS
ALL STAFF

5.7yrs

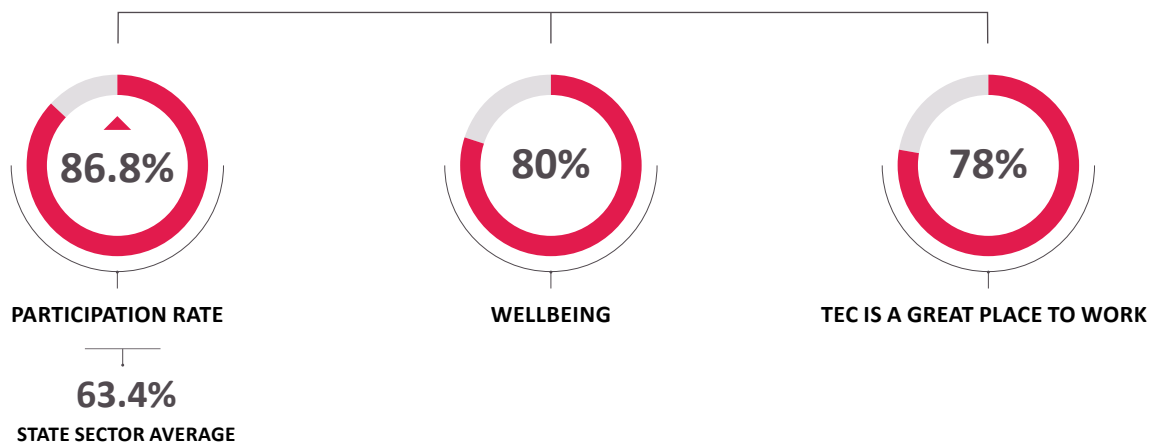
AVERAGE YEARS

AS AT 30 JUNE 2025

Ethnicity across all staff



Our annual employee experience survey results



AS AT 30 JUNE 2025

Contractors and consultants

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

The use of contractors on funded priority projects increased this year due to the Fees Free to Final Year project, which commenced in August. Our contractors on funded priority projects are starting to reduce as the Data System Refresh project nears completion and will reduce fully once the Fees Free project is complete.

Our contractor and consultant costs (operating only – not including capital), as a proportion of total workforce costs, was 4.3% for the 12 months to June 2025. This is below the Public Service (Core Crown) result for 2024/25 of 5.3%.

Data System Refresh

The TEC is in the process of refreshing its core data collection and data management systems, which support our investment in and monitoring of the tertiary education sector. We received Government funding for this work. This initiative aims to consolidate our disparate data collections into a single platform and replace our ageing data warehouse with a modern, fit-for-purpose solution. It will also provide improved information products for organisations to analyse their own and overall tertiary investment and performance-related data.

We completed several major functionality releases during the year, including functionality to support the Single Data Return on the new data collections platform. Additional releases will be completed later in 2025 to enable data collections for work-based training and functionality to support the new final-year Fees Free policy.

In delivering the solution, we worked collaboratively across the sector, including consulting with a wide range of tertiary education organisations, training and student management system vendors, the Ministry of Education and the New Zealand Qualifications Authority.

Our Carbon Neutral journey

The Government established its Carbon Neutral Government Programme (CNGP) to accelerate emissions reduction in the public sector. We are required to report annually our:

- › total annual emissions for the current and base year
- › emissions profile broken down by source/scope
- › 2024/25 and 2029/30 gross emission reduction targets
- › progress towards our targets compared to the base year, and
- › qualitative commentary on results.

We selected 2018/19 for our base year as it was a regular pre-COVID-19 year of emissions. Our gross emissions reduction targets were set in each of the TEC's four key areas (see table overleaf).

We continued reducing air travel (both domestic and international) as part of our commitment to promote online collaboration in place of travel. Our commuting emissions increased as we encouraged staff to come into the office more often. Increases to emission factors meant our working from home emissions also increased despite fewer staff working from home. Increases to the electricity emission factor also meant our electricity emissions increased despite lower electricity usage.

Despite higher emission factors increasing our emissions by 20 tCO₂e (7%), we still decreased our overall emissions again this year and have still met both our 2025 and 2030 gross emission reduction targets.

Description	Category	Scope	2018/19 (tCO ₂ e)	2022/23 (tCO ₂ e)	2023/24 (tCO ₂ e)	2024/25 (tCO ₂ e)	Reduction (%)	2024/25 Target	2029/30 Target
TEC owned vehicles	1	1	12	-	-	-			
Accommodation	3	3	11	5	5	5			
Domestic air travel	3	3	169	89	83	67			
International air travel	3	3	81	86	37	1			
Rental cars, taxis & mileage claims	3	3	16	12	10	9			
Business travel	1 & 3	1 & 3	289	192	135	82	72%	21%	42%
Commuting	3	3	153	86	103	142			
Working from home	3	3	-	21	15	20			
Commuting & working from home	3	3	153	107	118	162	-6%	21%	42%
Electricity	2	2	55	48	28	32			
Transmission and distribution losses	4	3	6	4	2	2			
Electricity	2 & 4	2 & 3	61	52	30	34	44%	21%	42%
Fresh water	4	3	1	1	1	2			
Wastewater	4	3	14	18	17	16			
Water	4	3	15	19	18	18	-20%	21%	42%
Total emissions (tCO₂e)			518	370	301	296	43%	21%	42%
Full-time equivalent (FTE) staff			294.2	358.3	331.4	299.2			
Emissions (tCO ₂ e) per FTE			1.8	1.0	0.9	1.0			

The emissions reported above were independently audited by Toitū.

Cybersecurity is of increasing importance

The TEC has an ongoing programme of work focused on staying cyber secure in an environment of ever-evolving cybersecurity risks. Our work is based around a comprehensive four-tier cybersecurity assurance framework. These four tiers are based on the National Institute of Standards and Technology (NIST) cybersecurity framework and are:

- › **People:** understanding the behaviour of our staff in response to cyber threats and providing training and ongoing awareness of the impact of cybersecurity to business continuity
- › **Organisation:** implementing the globally recognised NIST cybersecurity framework to assess our organisation-wide maturity, to guide our investment decisions for enhancing our cybersecurity posture
- › **Technical review/audit programme:** conducting an ongoing independent technical audit programme of our core platforms and systems, and
- › **Security by design:** ensuring we design our systems so that we build security and privacy into everything we do.

We use an independent strategic partner to assess our cybersecurity maturity against this framework. In the latest audit, completed in June 2025, it was noted that the TEC demonstrates a mature approach to cybersecurity that is well aligned with organisational objectives and continues to meet emerging threats.

We continue to support cybersecurity in the tertiary sector

The Cybersecurity in the Sector project concluded in June 2024 and significantly enhanced cybersecurity maturity across the tertiary education sector. Its deliverables continue to provide valuable support, including clear guidance and response guides, cybersecurity assessments, and phishing awareness and training programmes. The ongoing cybersecurity assessments, facilitated by KPMG, serve as a health check and offer a clear roadmap for security improvements. We are about to coordinate the next round of these assessments with the sector. Additionally, the TEC is coordinating a pool of licenses (currently used by 160 tertiary organisations) to provide phishing awareness, training and tools.

Service critical assets

Cabinet requirement CO (23) 9 specifies that:

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

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

Asset	Utilisation	Comment
Careers (website) A website providing information on career pathways, qualifications and training.	Asset operating to expectations.	Low level of investment. To be decommissioned early 2026. Replaced by Tahatū Career Navigator.
Data Centre The on-premises computing environment that hosts several of the TEC’s core applications.	Asset operating to expectations.	In the process of migrating away from our on-premises computing environment to cloud. Plan to be completed by mid 2027.
Data Exchange Platform A single platform for collection and distribution (exchange) of tertiary education organisation data used in funding and monitoring tertiary education organisations.	Asset operating to expectations.	Core platform for our data collection systems.
Data Hub The central repository of TEC reference data that is used by multiple systems.	Asset operating to expectations.	Will be replaced by our modern data platform which is under development.
Data Warehouse A repository that stores the organisation’s electronic data, in a way that supports our reporting and analysis requirements.	Asset operating to expectations, reaching end of life.	Will be replaced by our modern data platform which is under development.
Industry Training Register An online data collection service that captures information about activity in the industry training sector in near real time.	Asset operating to expectations, reaching end of life.	Being replaced during 2025/26 as part of the TEC’s Data System Refresh programme, replacing our data collection systems and data warehouse.
Inspiring the Future (website) A programme to connect children with volunteer role models from the world of work, to broaden career options and challenge stereotypes.	Asset operating to expectations.	Ongoing investment planned.
iPayroll A payroll system that enables the TEC to run each pay and manage leave, tax and employee records.	Asset operating to expectations.	Core platform for our payroll system
LNAAT Literacy and Numeracy Adult Assessment Tool.	Asset operating to expectations, reaching end of life.	Have completed work to extend the life of asset until it is improved or replaced.
Ngā Kete A secure web portal or ‘doorway’ into our information.	Asset operating to expectations, reaching end of life.	Being replaced during 2025/26 as part of the TEC’s Data System Refresh programme, replacing our existing data collection systems and data warehouse.

Asset	Utilisation	Comment
Objective The TEC’s electronic document and records management system.	Asset operating to expectations.	Has been replaced by a SharePoint solution as part of the TEC converging to more cost-effective Microsoft technologies. Asset to be decommissioned.
QlikSense A self-service data visualisation and discovery tool.	Asset operating to expectations.	Being replaced during 2025/26 with Power BI as part of the TEC converging to more cost-effective Microsoft technologies.
SharePoint The TEC’s new electronic document and records management system.	Asset operating to expectations.	Implemented early 2025.
Tahatū Career Navigator A website helping people discover career possibilities and how to reach their goals.	Asset operating to expectations.	New asset released in 2025. Ongoing investment planned.
TechnologyOne The TEC’s financial management and accounting system.	Asset operating to expectations.	SaaS product maintained by vendor.
TEC website The TEC’s corporate website, focused on providing information to tertiary education organisations.	Asset operating to expectations.	Being continually refined. Ongoing investment planned.

Part five: Statement of performance

Wāhanga rima:
Tauākī whakatutukitanga

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

In 2024/25, we received over

\$3.9 billion

to invest in and support the tertiary education and careers system

In this section we report on Vote Tertiary Education and Vote Education appropriations that we are responsible for reporting against as set out in the 2024/25 Estimates of Appropriations for Vote Education and Vote Tertiary Education.

The following figures are the appropriation revenue reported by the TEC (as per pages 83 to 86). This equals the Government's actual expenses incurred in relation to the appropriation.

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

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

These appropriations support the tertiary education and careers system

\$69.520 million

Administration of and Support for the Tertiary Education and Careers Systems

\$5.000 million

Vocational Education Data System

\$3.257 million

Tertiary Education Commission
– Final-year Fees Free

We use these appropriations to invest in tertiary education

\$3,122.821 million

Tertiary Tuition and Training

\$315.000 million

Tertiary Education Research and Research-Based Teaching

\$148.830 million

Fees-Free Payments

\$65.000 million

Workforce Development Councils

\$49.800 million

Centres of Research Excellence

\$38.619 million

Strategic Support for National and Regional Priorities

\$34.123 million

Primary and Secondary Education

\$24.000 million

Support for Wānanga

\$20.558 million

Tertiary Scholarships and Awards

\$13.258 million

Tertiary Sector / Industry
Collaboration Projects

Disclosure of judgements

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

How we meet service performance reporting standards

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

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

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

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

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

Our contextual information:

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

How we present our performance information

We report performance information against our:

- › Statement of Intent 2022/23 – 2024/25 (SOI)
- › Statement of Performance Expectations 2024/25 (SPE), and
- › Implementing the Government's priorities.

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

Progress against our SOI

What we want to achieve, and how we go about it, is included in "Part three: How we are delivering on our strategic intentions" (pages 17 to 38). Our strategic intentions describe the outcomes and intentions we seek to achieve for New Zealand. They also describe our core business activities and key project contributions that are required to progress our intentions (see pages 17 to 48).

Progress against our SPE

Performance information relating to funding received from the government is set out against each appropriation that we are responsible for reporting against in "Part four: Statement of Performance" (pages 49 to 76). This section details performance measures results for the Vote Tertiary Education appropriations where we have responsibility for reporting performance (see pages 54 to 75). Financial performance information is detailed in "Part six: Financial Statements" (pages 77 to 110).

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

We use performance measures to demonstrate how we are delivering on that purpose. These measures are set out in our SPE 2024/25.

We have developed performance measures for each Vote Tertiary Education appropriation where the TEC has reporting responsibilities. The focus of each measure developed differs depending on whether it relates to operational appropriations or sector-facing appropriations: Our operational appropriations support the TEC's statutory role in overseeing and supporting the tertiary education and careers system. Measures under these appropriations assess how effectively we carry out this role, as set out in the Education and Training Act 2020.

Our sector-facing appropriations support tertiary education providers and invest in a wide range of postsecondary education and training. Measures in this category focus on broader sector outcomes. While the TEC contributes to these outcomes through our investment and support activities, their achievement is also influenced by factors beyond the TEC's direct control.

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

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

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

Progress towards achieving the Government's priorities

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

- › Our "Implementing the Government's priorities" section contains performance information relating to:
 - Baseline savings (page 13)
 - Significant Budget decisions (pages 13 and 14), and
 - Government and ministerial priorities (pages 15 and 16).

Our Ministers outlined their expectations for how the TEC will implement the Government's policies and priorities in our role as a Crown entity in their Letter of Expectations.

How we report on service critical assets

- › Cabinet requirement: CO (23) 9 Investment Management and Asset Performance in Departments and Other Entities sets out Agency requirements regarding reporting on service critical assets. Agencies must identify their service critical assets and maintain details of the identity, condition and risk exposure of these assets in the agency's asset register (paragraph 34).
- › Agencies must capture relevant indicators of past and projected asset performance (for example, asset utilisation, condition, and fitness-for-purpose) for service critical assets. Agencies must use these indicators in internal management and decision-making processes (paragraph 35).
- › Agencies must report on relevant asset performance indicators for service critical assets in their annual reports (paragraph 36).

We identified 16 assets from our asset register as being service critical assets. Performance information on our service critical assets is provided on pages 47 and 48.

Measurement methodology

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

The method of measurement can be:

- › Evident in the wording of the measure itself:
 - Example: Number of Fees Free first-time learners.
- › Detailed in an associated note:
 - Example: The overall rating given by the responsible Minister on the TEC.
Note 1: The survey rating measures the responsible Minister's satisfaction with the quality of advice on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.
- › Detailed in publicly available information and provided as links to websites:
 - Example: Our qualification delivery performance measure information includes a link to the Education Performance Indicators (EPIs) methodology information on our website: www.tec.govt.nz/funding/funding-and-performance/performance/teo/epi-reports.

Our operational appropriation enables us to support the tertiary education and careers system

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

As part of this, we are responsible for:

- › publishing guidance on the content and criteria for assessment of tertiary education organisations’ (TEOs’) investment plans, and
- › determining and allocating the amount of funding to TEOs.

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

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

Vote Tertiary Education appropriations

Administration of and Support for the Tertiary Education and Careers Systems

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

Our operational measures are linked to our statutory functions as set out in the Education and Training Act 2020 and to our core processes. The TEC is responsible for the results of these measures.

See page 83 for financial information.

Inspiring the Future

Information on Inspiring the Future can be found on our website at: www.tec.govt.nz/focus/our-focus/inspiring-the-future. The figures in this table are cumulative (eg, the 412 completed events in 2024/25 includes the 272 events completed in 2023/24).

Measure	30 June 2025 Target	2024/25 Actual	2023/24 Actual
Number of completed events online and in person	390	412	272
Number of unique school sign-ups	445	427 (Note 1)	369

Note 1 – After four years of encouraging schools to sign up, we have reached the low-hanging fruit, and the remaining schools are harder to convert. However, we expect school sign-ups to increase in 2025/26 as we continue to extend into secondary schools, align with our new careers website Tahatū Career Navigator, and broaden the range of event formats that we offer.

Measure (trend information only)		2024/25 Actual	2023/24 Actual	2022/23 Actual	2021/22 Actual	2020/21 Actual
Percentage of people seeking to make a learning or work decision that agree the information and tools provided by TEC assisted that decision	Learning decision	65% (Note 1)	71%	74%	77%	76%
	Work decision	70% (Note 2)	68%	72%	66%	75%

Note 1 – The decrease reflects our focus on rolling out our new careers website Tahatū Career Navigator. Some information on the outgoing careers.govt.nz website may be out of date, contributing to the decline.

Note 2 – We have been promoting the Job Hunters' Workbook since 1 December 2024, which resulted in an increase in downloads and page views compared to the previous year. This is likely to have positively impacted careers.govt.nz users making a work decision.

Measure		2024/25 Target	2024/25 Actual	2023/24 Actual
Percentage of payments the TEC makes to tertiary education organisations that are made within agreed timeframes		At least 99.5%	99.9% (Note 1)	100%
The right amount of funds are allocated to the right areas:	Percentage of available funding invested	98.4%	98.6% (Note 2)	96.32%
	Recovered funding as a percentage of total funding invested	3.5%	0.32% (Note 3)	4.27%
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%	Unable to be measured (Note 4)	100%
System review learnings are shared with the responsible Minister and the sector (Note 5)		Achieved	Achieved (Note 5)	Achieved
Percentage of tertiary education organisations that agree that engagement (face-to-face, phone and email) with TEC was useful (Note 6)	Face-to-face	At least 77%	92% (Note 7)	72%
	Phone	At least 69%	80% (Note 8)	82%
	Email	At least 63%	75% (Note 9)	73%
Percentage of careers system stakeholders who agree that our online information and tools are useful (Note 6)		At least 86%	85% (Note 10)	83%

Note 1 – There were 24 late payments out of a total of 35,751 payments over the 2024/25 financial year. This was mainly due to delays in the payments assessment process.

Note 2 – The 2024 indicative allocation methodology and associated in-year allocation methodologies supported maximising the allocation of funding, while staying within funding baselines. In-year amendments permitted reallocation from TEOs underdelivering to those overdelivering in targeted areas.

Note 3 – 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 underdelivery and smaller recoveries.

Note 4 – No governance inductions (seminars or webinars) were able to be delivered during 2024/25 due to (a) the need to concentrate resources on other high priority work, and (b) the need for the TEC's limited appointments/governance resource to be focused on supporting a very large number of upcoming ministerial appointments. However, targeted introductory briefings were held during this time, with three new council members of high-risk institutions. All TEI council members appointed during 2024/25 will be invited to attend the TEC's next governance induction, which will be delivered as soon as capacity allows.

Note 5 – We completed one system review, which was an extension of the review conducted in 2024. This review focused on students accessing Intensive Literacy and Numeracy (ILN) and Workplace Literacy and Numeracy (WLN) provision, despite holding a higher qualification. We conducted a series of follow up reviews and data analysis to ensure that TEOs had put in place effective systems to monitor the changes in funding conditions. It also looked at the exemption process that was put in place to allow certain learners to access the fund if necessary. Learnings from all reviews are shared with the sector via TEC monitoring updates and direct engagement with specific TEOs. The system review around students accessing ILN and WLN provision despite holding higher qualifications helped implement a change to the 2025 funding conditions (which allowed exemptions to be granted). This was approved by the Minister for Vocational Education.

Note 6 – The TEC replaced the Partner and Provider Survey (previously run externally) with a new Tertiary Sector Survey (TSS) run early in 2025. We developed the survey in-house to focus on the TEC's tertiary investment and monitoring functions and rebalanced the sample to focus on organisations that get most of our funding. The questions we asked about online information and tools were identical to those asked in last year's survey. The TSS went out to 284 recipients and 83 responded.

Note 7 – Sector-facing teams attribute the improved performance in this area to the TEC's continuing commitment to engage with the sector in ways that better meet their needs. Examples include:

- increased use of webinars to help the sector to better understand topical issues which enable interaction/questions in real time, and sessions intended to build sector capability such as the learner success Communities of Practice
- increased numbers of face-to-face workshops that have been arranged to enable more detailed sector input on topics such as compliance minimisation opportunities and new business processes, and
- more active use of opportunities where TEOs are already gathering, joining those to share updates and to hear from the sector about issues impacting them.

Note 8 – The Customer Contact Group (CCG) were able to answer voice calls within an average of 38 seconds, reducing callbacks and offering our customers quick responses.

Note 9 – The CCG were able to distribute emails to the staff with the right skillset to ensure timely and accurate responses. Emails are well within the five business days Service Level Agreement and, in fact, most are attended to on the same day.

Note 10 – This measure result reflects feedback from careers stakeholders on our old website careers.govt.nz and therefore does not consider the newly added suite of career information and tools on the newly developed careers website Tahatū Career Navigator, which went live for secondary schools in March 2025.

Narrative measure

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

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

What we wanted to achieve in 2024/25

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.

What we achieved in 2024/25

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.

Prior year information

The TEC received and reviewed financial information from all tertiary education institutions. Of the 203 PTEs with over \$50,000 of funding in 2024, the TEC has received and reviewed financial information from 195 PTEs for the period to 30 June 2024. Of the eight outstanding, seven submissions were received following year end, with one submission that remains outstanding

Narrative measure

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

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

What we want to achieve

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

- (a) Plan Guidance reflects WDC national and regional advice, and
- (b) targeted priorities committed to in Investment Plans reflect WDC national and regional priorities.

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

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

What we achieved in 2024/25

WDCs submitted advice to the TEC in November 2024 on the mix of vocational education and training that investment should focus on in 2026. This advice was reviewed and collated to inform the investment priorities published in the TEC's Plan Guidance for Investment from 2026.

Advice covering specific areas of regional and provision to change (increase/decrease) informed the targeted priorities in Plan Guidance to support investment decisions: www.tec.govt.nz/assets/Forms-templates-and-guides/Plan-guidance/2026/plan-guidance-2026.pdf.

These priorities formed part of the assessment criteria that the TEC used in 2025 to assess Investment Plans, new provider applications, and in-year additional funding for 2025.

Prior year information

The TEC used advice received from the WDCs in November 2023 on the mix of vocational education and training that investment form the criteria that the TEC used to assess and approve Investment Plans for investment in 2025.

The WDC advice also formed the national and regional skills priorities which were the criteria for the allocation of 2024 Strategic Component funding.

Measure (trend information only)	2024 Actual	2023 Actual
Percentage of tertiary education institutions that are delivering on the milestones in their Learner Success Plans (Note 1)	100% (Note 2)	75%

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

Note 2 – All TEIs delivered on their LSP milestones. However, we imposed funding conditions on two TEIs – these required them to provide additional reporting. For one of these TEIs, some funding was also ringfenced, to be released following an update to their LSP that reflected their commitment to learner success. These issues were independent of the delivery of their milestones.

Disclosure: The wording of our learner success measure has changed since last year when we reported on the number of tertiary education organisations (TEOs) that were delivering on milestones in their LSPs. This measure was changed in our SPE 2024/25 to reporting on TEIs' delivering on their LSP milestones (see measure above). This change, to focus on the progress TEIs made on delivering LSPs, provides more meaningful performance reporting. We have focused 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. 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 (see Note 2).

Ministerial satisfaction measure results

The annual ministerial survey ratings measure the responsible Minister's satisfaction on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.

Minister Penny Simmonds, Minister for Vocational Education

Measure	2024/25 Target	2024/25 Actual	2023/24 Actual
The overall satisfaction rating given by the responsible Minister on the Tertiary Education Commission	At least 7 out of 10	6 out of 10	5 out of 10
The satisfaction rating given by the responsible Minister on the TEC's monitoring advice related to tertiary education institutions	At least 7 out of 10	7 out of 10	5 out of 10
The satisfaction rating given by the responsible Minister on the TEC's advice related to the careers system	At least 7 out of 10	6 out of 10	6 out of 10

Vocational Education Data System

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

See page 84
for financial
information.

Narrative 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 two of our 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.

What we achieved in 2024/25

We delivered most of the solution that standardises the processes for collecting provider-based and work-based data from TEOs. This included the replacement of course and qualification registers and the core system that collects data from provider based TEOs. The final component is due to be completed in early 2025/26 and is the replacement of the system that collects data from work-based TEOs.

Prior year information (2023/24)

We completed the second phase of the strategic solution to collect additional data on TEOs. We also developed solutions for the collection of TEO commitments and our largest provider-based data collection. We will continue to develop the data collections for other provider-based and work-based actuals.

We invest in all forms of postsecondary 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 needed for lifelong success. We invest in all forms of postsecondary 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 measures we use to track progress towards achieving the intention of each appropriation.

We contribute to, but do not control the results of the sector output measures we report on. 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.

Vote Tertiary Education appropriations

Centres of Research Excellence

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

See page 85
for financial
information.

Measure	2024 Target	2024 Actual	2023 Actual
Total number of doctoral students aligned to the Centres of Research Excellence completing qualification during the current funding period (Note 1)	180 ±5%	153 (Note 2)	130

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

Note 2 – The number of doctoral students aligned with the Centres of Research Excellence (CoREs) who completed their PhDs in 2024 remains significantly below the target. However, this outcome reflects earlier enrolment patterns, given the typical 3–4-year gap between starting and completing a PhD. In this case, enrolments were affected by COVID-19 disruptions to international PhD recruitment and the fact that two of the current CoREs were only just being established at the time. (Funding for the current CoRE cohort began in July 2021, when two new CoREs replaced two of the existing ten).

Last year, we anticipated that the 2023 figure of 130 completions marked a low point (the 2023 target was 194 ±5%), with numbers expected to recover toward the revised target of 180 across 2024 and 2025. The 2024 figure of 153 completions aligns with this forecast. While it remains 15% below target, it can be considered a satisfactory result considering the earlier challenges.

Fees-free Payments

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

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.

See page 85 for financial information.

Measure	2024 Target	2024 Actual	2023 Actual
Average fees-free payments (including GST) received by first-year Fees Free learners (Note 1)	At least \$6,255.89	\$6,706.00 (Note 2)	\$5,684.17

Note 1 – The average fees-free payment increased compared to the previous year, reflecting a lower proportion of work-based learners, who typically receive smaller payments. In 2023, there was a surge of new work-based learners entering Fees Free, as it was the first year following the end of the Targeted Training and Apprenticeship Fund.

Measure (trend information only)	2024 Actual	2023 Actual	2022 Actual	2021 Actual	2020 Actual	2019 Actual
Number of fees-free first-time learners (Note 1)	42,782 (Note 1)	48,384	33,852	38,717	42,868	47,087

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. The 2023 figure was inflated due to the finishing of TTAF, which is why we have seen a drop in the number of first-time Fees Free learners this year.

Disclosure: From 1 January 2025, first-time tertiary learners have access to a new Fees Free entitlement for their final year of provider-based study or final two years of work-based learning. Payments are made after learners complete their first qualification or programme, with the first payments available in 2026 for studies completed in 2025. The TEC and Inland Revenue are implementing the policy, with Inland Revenue handling payments through streamlined data-sharing processes. For more information see: feesfree.govt.nz/final-year. The measure above relates to learners who undertook their study under the original policy settings (first-year learners in the 2024 calendar year), before the policy changes from 2025.

Significant Budget decision

Strategic Support for National and Regional Priorities

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.

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for financial
information.

Measure	2024/25 Target	2024/25 Actual	2023/24 Actual
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 (Note 1)	Achieved

Note 1 – Regional and national skills priorities, based on advice from WDCs and iwi Māori was published in Plan Guidance and Supplementary Plan Guidance for investment in 2025. The broader priorities in Plan Guidance reflected a combined view of the advice received. The targeted priorities in Supplementary Plan Guidance reflected specific skills priorities. Regional Skills Leadership Groups were disestablished in early 2024. Regional insights were incorporated into WDC advice where relevant.

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	2024 Actual
Reports from strategic component funded organisations show progress towards meeting national and regional skills priorities (Notes 1 and 2)	Achieved	Achieved (Note 3)

Note 1 – This performance measure initially applied to private training establishments only. As the Government is disestablishing Te Pūkenga, 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 worked with wānanga to allocate programme development and maintenance funding. Reporting on this funding is not included under this measure. It is 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.

Note 3 – The following activity demonstrates progress toward meeting national and regional skills priorities, as reported by organisations funded through the Strategic Component Fund in 2024:

- › In 2024, \$20,765,889.74 of Strategic Component funding was paid to 101 PTEs across two funding rounds. Of this, \$11,829,275.84 was National and Regional Skills Priorities funding, which supported 127 projects.
- › Projects completed through the main contestable funding round contributed to workforce and skills development across several priority areas, including:
 - a blended learning programme for the scaffolding, roofing, rope access, and rigging industries (Vertical Horizonz NZ Ltd)
 - a pathway-strengthening tool for Māori and Pacific learners (Bay of Plenty School of Welding), and
 - a project by Air New Zealand to digitise aircraft maintenance training and make learning spaces more culturally inclusive.
- › In 2024, Te Pūkenga received \$51.89 million of Strategic Component funding. Of this, \$27.9 million was Regional and National Skills Priorities (which also encompassed Te Tiriti and Māori Initiatives). This funding enabled Te Pūkenga to undertake 44 projects across both strands of Skills Priorities funding.

Disclosure: As the Government is disestablishing Te Pūkenga, 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 is reported on under the expanded measure above (see Note 1).

Narrative measure

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

Te 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, and
- › 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.

What we achieved in 2024/25

An application round for Te Tahua o Te Reo Kairangi was held in September 2024.

Five projects were funded, with one of these funded in full and the remaining four funded in part, along with three multi-year projects carried over from the prior round. In total, \$1,685,000 of new funding was approved, along with the \$914,444 in existing projects, which run across 2025 and 2026.

Examples of projects funded in the final application round include the development of a Level 5 Māori language programme focused on socio-linguistic, strategic and discourse competence, as well as an expansion of a new Bachelor of Arts in Te Reo Māori.

Prior year information

Two application rounds for Te Tahua o Te Reo Kairangi funding were held in 2023 – one in April and the other in October. Five projects were funded in the first round, with another nine funded in the second round. The full available amount of \$2 million in funding was paid to projects by 30 June 2023, with an additional \$4,291,231 of funding allocated to projects running through to 30 June 2026, which include three multi-year projects. Examples of projects funded in the initial 2023 round include a Professional Development and Learning package, with a full immersion 'kura reo' wānanga for learners and kaiako, as well as a suite of te reo Māori courses to improve the quality of te reo of prospective teachers of kura kaupapa Māori.

Support for Wānanga

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

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information.

Measure	2024 Target	2024 Actual	2023 Actual	2022 Actual
Wānanga annual reports are reviewed and appropriate action is taken (Note 1)	Achieved	Achieved	Achieved	Achieved

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

Tertiary Education Research and Research-Based Teaching

This appropriation is intended to achieve an increase in, or maintain the quality of, research and research-based teaching and learning and to improve investment in research within the tertiary sector.

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for financial
information.

Performance-Based Research Fund

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

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

Measure	2024 Target	2024 Actual	2023 Actual
Postgraduate Research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions)	Previous year actual $\pm 5\%$	3,848 (0.1% decrease)	3,851 (0.3% decrease)
Percentage increase in amount of external income for PBRF-eligible providers	3-5%	1.50% (Note 1)	5.0%

Note 1 – The increase in external research income between 2023 and 2024 was lower than expected, mainly because universities, which are the biggest contributors to the total ERI, only increased their ERI by 1.6%.

Tertiary Scholarships and Awards

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.

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Tertiary Sector/Industry Collaboration Projects

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

See page 85 for financial information.

Māori and Pacific Trades Training

Measure	2024 Target	2024 Actual	2023 Actual
Percentage of learners per calendar year progressing from Māori and Pacific Trades Training to apprenticeships and managed apprenticeships, other industry training at Level 3 and above or further study at New Zealand Qualifications Framework Level 4 and above (Notes 1 and 2)	39%	41.30%	41.30%

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 2023 progression rate is 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 intended to enable Workforce Development Councils (WDCs) to provide a clear industry and workplace voice into the vocational education and training system.

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Measure	2024/25 Target	2024/25 Actual	2023/24 Actual
All Workforce Development Councils have approved and funded Operational Plans in place by 30 June each year (Note 1)	Achieved	Achieved	Achieved

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 WDCs was retired, as WDCs were being disestablished and would not be providing this information in 2024/25.

In December 2024, the Government agreed to introduce legislation that would establish Industry Skills Boards to replace Workforce Development Councils

Significant
Budget decision

Tertiary Tuition and Training

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, and
- › Qualification Delivery.

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for financial
information.

Overall measure

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

Measure			2024 Target	2024 Actual	2023 Actual
Tertiary course completion rate	Course completion rate for provider-based learners	At least 81.7%		84.9% (Note 1)	83.0%
	Credit achievement rate for work-based learners	At least 72.6%		78.4% (Note 2)	69.8%

Note 1 – Course completion rate continues to improve. The course completion rate is likely to level off in the future.

Note 2 – The credit achievement rate increased for the second year in a row and was well above the target. The effects of COVID-19 are abating and the credit achievement rate is back to pre-COVID-19 levels.

Access to and Success in Tertiary Education

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

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

This measure combines the enrolment results for:

- › 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.

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information.

			Equity gap	
Measure		2024 Target	2024 Actual	2023 Actual
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)	Māori (Note 1)	No more than -10.8 percentage points	-14.2 percentage points (Note 3)	-13.1 Percentage points
	Pacific (Note 2)	No more than -14.7 percentage points	-10.5 percentage points	-8.2 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.

Note 3 – While enrolment dropped between 2023 and 2024 across all ethnicities, the 2024 Māori unemployment rate was disproportionately high, contributing to a wider than desired enrolment equity gap.

The Accelerating Learner Success Fund (Tūwhitia) was established to support learner success initiatives across the tertiary education sector

New narrative measure

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

This new fund was established in June 2023 to more effectively support tertiary education organisations (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.

What we achieved in 2024/25

The Accelerating Learner Success Fund (ALSF) (Tūwhitia) supported initiatives focused on accelerating learner success to improve outcomes for learners across the tertiary education system, particularly under-served learners. These targeted investments increase the success, pace and scope of initiatives and reduce cost barriers for TEOs.

TEOs receiving more than \$5 million in funding that had Learner Success Plans were eligible to submit Expressions of Interest. The Fund had up to \$5 million available in 2023/24 and up to \$10 million in 2024/25. Three initiatives were funded totalling \$6.3 million:

- › Auckland University of Technology (AUT) was funded for the design and delivery of a whole-of-university, student-centric service delivery model that is technology-enabled and data-informed. To date, this initiative has shown good progress against its objectives. AUT's next progress report is due in October 2025, with a final report due in May 2026.
- › Future Skills was funded to support two initiatives, Learner Journey Mapping and Just in Time at-risk App Extension, to identify under-served learners at risk of non-completion and provide earlier interventions. Future Skills have completed all objectives with a final report submitted in July 2025.
- › University of Canterbury and Victoria University of Wellington consortium were funded to develop data coaching for the tertiary sector to enable a whole-of-organisation approach to using data to drive effective system-wide change. Progress reports received to date have shown the consortium is on track to deliver. The final report for this initiative is due December 2025.

All funded initiatives will report back on achievements and insights as part of our Learner Success Community of Practice, to broaden the impact of this Fund.

As part of Budget 2025, the Accelerating Learner Success Fund was reprioritised to higher priority Government initiatives. Existing initiatives will continue to be funded until the completion of existing contracts.

Prior year information

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

Foundation and Community Education

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

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for financial
information.

Literacy and numeracy

These measures assess the percentage of learners accessing at least the minimum desired range (hours) of provision. Desired range of hours relates to the optimal hours of learning needed to make an impact on an individual's learning.

Type	2024 Target	2024 Actual	2023 Actual
Intensive literacy and numeracy	At least 58.6%	72.4%	63.0%
Workplace Literacy and Numeracy (tertiary education organisation-led)	At least 62.7%	66.3%	69.3%
English for Speakers of Other languages	At least 92.1%	95.9%	91.0%

Adult and Community Education in communities

Measure	2024 Target	2024 Actual	2023 Actual
Number of Adult and Community Education learner hours	At least 1,056,032	1,069,584 (Note 1)	1,056,148

Note 1 – Number of Adult and Community Education (ACE) learner hours exceeded the target by 13,552 hours. Due to increased demand, the TEC invested an additional \$970,000 into ACE funding in 2024, which is likely why there was such an increase in learner hours. ACE courses also tend to occur outside of normal working hours, such as night classes, making them more accessible for learners in full-time work, which we are seeing more of, due to increased living costs.

Youth Guarantee

Measure	2024 Target	2024 Actual	2023 Actual
Percentage of Youth Guarantee learners completing qualifications at Levels 2 or 3	At least 63.7%	65.10%	63.8%

Gateway

Measure	2024 Target	2024 Actual	2023 Actual
Total participants and number of schools	At least 15,231 in 383 schools	15,679 in 380 (Note 1)	15,473 in 383 schools

Note 1 – The two-part Gateway measure was partially achieved, with the participant target met but the school sign-up target missed. We have been working with schools that are unable to deliver their Gateway programme so that their funding can be reinvested. This has meant that we have worked with fewer schools this year with a higher number of Gateway participants over the same period.

Qualification Delivery

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

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.

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

First year retention is the proportion of students who in the year after their first year of study enrol in a qualification at the same level at the same tertiary education organisation.

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

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information.

All learners

Measure	Level	2024 Target	2024 Actual	2023 Actual
Qualification completion				
Percentage of funded students completing qualifications	Levels 4–7 non-degree	At least 58.2%	55.8% (Note 1)	58.3%
	Level 7 degree and above	At least 62.1%	63.3%	62.3%

Note 1 – Given the four-year period for measuring qualification completions in this cohort, many external factors have impacted this result, including ongoing uncertainty in the vocational education and training sector; lasting effects of COVID-19; and the 2023 cyclone Gabrielle.

Measure	Level	2024 TEO commitments	2024 Actual	2023 Actual
Course completion				
Percentage of funded students completing courses	Levels 1–10	83.7%	84.9%	83.0%
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%	40.2% (Note 1)	37.7%
Retention				
First year retention rates for qualification at	Levels 4–7 non-degree	62.0%	60.8% (Note 2)	53.1%
	Level 7 degree and above	79.4%	78.8% (Note 2)	75.4%

Note 1 – The progression rate improved from last year but still did not meet the target. Learners completing Levels 1 to 3 qualifications may have progressed into employment, negatively impacting the progression rate, especially with a higher cost of living.

Note 2 – The first-year retention rates improved significantly from last year but still did not meet the TEOs' commitments target.

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.

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

The following Māori and Pacific measures track the difference in achievement between one group and another (the parity gap).

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

Measure	Level	Equity gap		
		2024 Target	2024 Actual	2023 Actual
Qualification completion				
Percentage of funded students completing qualifications	Levels 4–7 non-degree	No more than -2.7 percentage points	-2.4 percentage points (Note 1)	-2.8 percentage points
	Level 7 degree and above	No more than -14.5 percentage points	-14.1 percentage points	-14.5 percentage points

Note 1 – Though the equity gap between Māori and non-Māori non-Pacific learners improved and met its target, qualification completion rates at Levels 4–7 non-degree decreased for all three groups. The decrease for non-Māori non-Pacific learners, however, was larger than the decrease for Māori learners, which explains the narrowing of the equity gap.

		Equity gap		
Measure	Level	2024 TEO commitments	2024 Actual	2023 Actual
Course completion				
Percentage of funded students completing courses	Levels 1–10	-7.1 percentage points	-11.6 percentage points (Note 1)	-11.9 percentage points
Progression				
Percentage of students progressing: Within New Zealand Qualifications Framework Levels 1–3 or from Levels 1–3 to Level 4 and above		-1.0 percentage points	+8.1 percentage points (Note 2)	+5.1 percentage points
Retention				
First year retention rates for qualification at:	Levels 4–7 non-degree	-2.5 percentage points	-10.2 percentage points (Note 3)	-0.9 percentage points
	Level 7 degree and above	-7.0 percentage points	-9.3 percentage points (Note 3)	-8.9 percentage points

Note 1 – Although the target was not met, the course completion equity gap narrowed compared to 2023 as the Māori learners' completion rate improved more than that of non-Māori non-Pacific learners.

Note 2 – Changes to Youth Guarantee funding structures (higher rates and introduction of the Wellbeing Support Subsidy) continue to positively affect the level of support for Levels 1–3 learning and progression.

Note 3 – While the retention rate for Māori learners improved, it improved significantly more for non-Māori non-Pacific learners. This led to a significant widening of the equity gap compared to 2023 at Levels 4–7 non-degree and a small increase for Level 7 degree and above.

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

		Equity gap		
Measure	Level	2024 Target	2024 Actual	2023 Actual
Qualification completion				
Percentage of funded students completing qualifications	Levels 4–7 non-degree	No more than -2.4 percentage points	-7.4 percentage points (Note 1)	-2.4 percentage points
	Level 7 degree and above	No more than -18.4 percentage points	-18.1 percentage points	-18.5 percentage points

Note 1 – The target was not met and the decline offset improvements seen in recent years. Qualification completion rates at Levels 4–7 non-degree declined for all three ethnicity groups with Pacific learners seeing the greatest decline.

Measure	Level	Equity gap		
		2024 TEO commitments	2024 Actual	2023 Actual
Course completion				
Percentage of funded students completing courses	Levels 1–10	-9.1 percentage points	-13.2 percentage points (Note 1)	-14.3 percentage points
Progression				
Percentage of students progressing: Within New Zealand Qualifications Framework Levels 1–3 or from Levels 1–3 to Level 4 and above		+12.3 percentage points	+2.9 percentage points (Note 2)	0.0 percentage points (No parity gap)
Retention				
First year retention rates for qualification at:	Levels 4–7 non-degree	-4.2 percentage points	-23.8 percentage points (Note 3)	-7.2 percentage points
	Level 7 degree and above	-5.4 percentage points	-7.8 percentage points (Note 4)	-9.7 percentage points

Note 1 – Although the target was not met, the course completion parity gap narrowed compared to 2023 as the Pacific learners' completion rate improved more than that of non-Māori, non-Pacific learners.

Note 2 – The target increased significantly from +3.0 in 2023 to +12.3 percentage points in 2024, due to changes in TEO commitments. Progression rates improved for both groups (Pacific and non-Māori, non-Pacific), with a greater improvement among Pacific learners.

Note 3 – The retention rate improved for non-Māori non-Pacific learners and deteriorated for Pacific learners, resulting in a significant increase in the equity gap.

Note 4 – The equity gap for the first-year retention rate for Level 7 (degree and above) narrowed, but it still did not meet the TEO commitments target. The retention rate rose for all three ethnicity groups, but it increased more for Pacific learners, resulting in a narrowing of the gap.

Work-based learning

Measure	Group	2024 Target	2024 Actual	2023 Actual
Percentage of learners completing programmes	All learners	At least 59.7%	56.9% (Note 1)	59.5%
	Industry Trainees	At least 63.6%	61.6% (Note 1)	63.6%
	Apprentices	At least 49.0%	44.0% (Note 1)	49.0%

Note 1 – A significant increase in the 2024 unemployment rate will have been a contributing factor to the decrease in work-based learning.

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	Equity gap		
	2024 Target	2024 Actual	2023 Actual
Percentage completing programmes	No more than -9.2 percentage points	-3.9 percentage points	-9.1 percentage points

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	Equity gap		
	2024 Target	2024 Actual	2023 Actual
Percentage completing programmes (Note 1)	No more than -7.1 percentage points	-6.8 percentage points	-7.0 percentage points

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, and the associated measure was retired as capital funding ceased at the end of 2022/23. Final costs associated with building the online careers planning tool (Tahatū Career Navigator) in 2023/24 were funded from the Administration of and Support for the Tertiary Education and Careers System appropriation. Tahatū Career Navigator went live for secondary schools in March 2025.

Vote Education appropriation

Primary and Secondary Education Multi-category appropriation

Secondary Education

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

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for financial
information.

Part six: Financial statements

Wāhanga ono:
Tauākī pūtea

Statement of comprehensive revenue and expense

For the year ended 30 June

	Notes	2025 Actual \$000	2025 Budget \$000	2024 Actual \$000
REVENUE				
Grants revenue:				
Vote Education/Tertiary Education – Ministry of Education (MoE)	1	3,826,188	3,820,753	3,780,670
Prior year recoveries – net		167	240	138
Total grants revenue		3,826,355	3,820,993	3,780,808
Operating revenue:				
Vote Tertiary Education – MoE	1	69,411	77,915	72,014
Contract – Pre-purchased English Language Tuition	1	397	301	395
Contract – Cyber Security for the Tertiary Sector	1	133	-	1,093
Other revenue		2,849	1,224	1,264
Total operating revenue		72,790	79,440	74,766
Finance revenue:				
Interest – grants	1	2,667	4,200	4,050
Interest – operating	1	2,362	2,159	2,329
Total finance revenue		5,029	6,359	6,379
Total revenue		3,904,174	3,906,792	3,861,953
EXPENSE				
Grants expense:				
Grants expense		3,843,497	3,863,927	3,779,011
Bad and doubtful debts	2	(7,585)	500	1,659
Total grants expense	2	3,835,912	3,864,427	3,780,670
Operating expense:				
Personnel costs	5	44,347	50,564	47,308
Amortisation and impairments	8	6,012	4,988	3,022
Depreciation	9	1,174	1,269	1,223
Other expenses	6	22,510	25,392	22,066
Total operating expense		74,043	82,213	73,619
Total expense		3,909,955	3,946,640	3,854,289
SURPLUS/(DEFICIT)				
Grants surplus/(deficit)		(6,890)	(39,234)	4,188
Operating surplus/(deficit)		1,109	(614)	3,476
Total comprehensive revenue and expense		(5,781)	(39,848)	7,664

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

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June

	Notes	2025 Actual \$000	2025 Budget \$000	2024 Actual \$000
CURRENT ASSETS				
Receivables	4,16	664,452	565,198	599,421
Cash and cash equivalents	7,16	138,989	86,008	74,550
Prepayments		1,583	1,020	1,452
Total current assets		805,024	652,226	675,423
NON-CURRENT ASSETS				
Intangible assets	8	33,463	26,426	29,486
Property, plant and equipment	9	2,026	2,241	3,018
Total non-current assets		35,489	28,667	32,504
Total assets		840,513	680,893	707,927
CURRENT LIABILITIES				
Payables	3,16	695,083	536,865	514,995
Pre-purchased English Language Tuition – fees in advance	11	14,046	11,409	11,644
Repayment of grants funding – MoE	13	19,623	4,200	5,511
Employee entitlements	10	3,823	2,704	3,827
GST payable		4,038	(291)	6,491
Provision for lease	12	472	-	-
Total current liabilities		737,085	554,887	542,468
NON-CURRENT LIABILITIES				
Payables	3,16	139	135	279
Provision for lease	12	632	150	158
Employee entitlements	10	457	714	631
Total non-current liabilities		1,228	999	1,068
Total liabilities		738,313	555,886	543,536
Net assets		102,200	125,007	164,391
EQUITY				
General funds	14	102,200	125,007	164,391
Total equity		102,200	125,007	164,391

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

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June

	Notes	2025 Actual \$000	2025 Budget \$000	2024 Actual \$000
EQUITY				
Balance at 1 July		164,391	164,055	152,927
Total comprehensive revenue and expense for the year		(5,781)	(39,848)	7,664
Repayment of grants interest – MoE	13	(2,667)	(4,200)	(4,050)
Crown capital contributions – MoE		8,257	5,000	7,850
Capital withdrawal – non-cash – MoE	14	(62,000)	-	-
Balance at 30 June	14	102,200	125,007	164,391

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

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June

	Notes	2025 Actual \$000	2025 Budget \$000	2024 Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash was provided from:</i>				
Grants – MoE		3,703,696	3,863,855	3,726,568
Grants – prior year recoveries		-	240	138
Grants – Pre-purchased English Language Tuition		6,154	4,732	5,363
Operating – MoE		69,411	77,915	72,014
Operating – Pre-purchased English Language Tuition		615	374	536
Operating – other		2,838	227	3,369
		3,782,714	3,947,343	3,807,988
<i>Cash was applied to:</i>				
Grants payments		(3,655,940)	(3,872,305)	(3,743,808)
Payments to employees		(44,595)	(50,350)	(47,370)
Other operating payments		(21,639)	(25,476)	(22,293)
GST – net		6,549	(5,865)	(1,563)
		(3,715,625)	(3,953,996)	(3,815,034)
Net cash flows from operating activities		67,089	(6,653)	(7,046)
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Cash was provided from:</i>				
Interest – grants		2,667	-	4,050
Interest – operating		2,387	2,159	2,267
		5,054	2,159	6,317
<i>Cash was applied to:</i>				
Purchase of intangible assets		(10,441)	(3,984)	(10,397)
Purchase of property, plant and equipment		(200)	(571)	(824)
		(10,641)	(4,555)	(11,221)
Net cash flows from investing activities		(5,587)	(2,396)	(4,904)
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Cash was provided from:</i>				
Crown capital contributions – MoE		8,257	5,000	7,850
<i>Cash was applied to:</i>				
Repayment of grants funding – MoE		(5,320)	31	(6,362)
Net cash flows from financing activities		2,937	5,031	1,488
Net increase/(decrease) in cash and cash equivalents		64,439	(4,018)	(10,462)
Cash and cash equivalents at 1 July		74,550	90,026	85,012
Cash and cash equivalents at 30 June	7	138,989	86,008	74,550

Statement of cash flows (continued)

For the year ended 30 June

	Notes	2025 Actual \$000	2025 Budget \$000	2024 Actual \$000
Total comprehensive revenue and expense		(5,781)	(39,848)	7,664
Add non-cash items				
Depreciation, amortisation and impairments		7,186	6,257	4,245
Loss/(gain) on disposal of intangible assets and property, plant and equipment		18	-	34
Capital withdrawal – non-cash – MoE		(62,000)	-	-
Total non-cash items		(54,796)	6,257	4,279
Deduct interest – operating classified as investing activities		(5,054)	(2,159)	(6,317)
Deduct interest – grants classified within repayment of grants funding – MoE within financing activities		-	(4,200)	-
Add/(less) operating movements in statement of financial position items				
(Increase)/decrease in receivables		(65,031)	48,950	(46,927)
(Increase)/decrease in prepayments		(131)	(20)	22
Increase/(decrease) in GST payable		(2,453)	(5,865)	962
Increase/(decrease) in employee entitlements		(178)	218	(64)
Increase/(decrease) in payables and provisions		181,346	(10,791)	30,853
Increase/(decrease) in Pre-purchased English Language Tuition – fees in advance		2,402	805	1,552
Increase/(decrease) in repayment of grants funding – MoE		16,765	-	930
Total movements in statement of financial position items		132,720	33,297	(12,672)
Net cash flows from operating activities		67,089	(6,653)	(7,046)

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

The accompanying notes form part of these financial statements.

Operational revenue from the Crown and expense

For the year ended 30 June

	2025 Actual \$000	2025 Budget \$000	2025 Supplementary Estimates \$000	2024 Actual \$000
REVENUE				
Vote Tertiary Education:				
Non-Departmental Output Expenses				
Administration of and Support for the Tertiary Education and Careers Systems				
Tertiary Education Commission	69,411	77,915	69,411	72,014
Māori Education Trust (Ministry of Education administered)	109	109	109	109
Additional revenue – Tertiary Education Commission				
Contract – Direct Careers Services	-	-	-	-
Contract – Pre-purchased English Language Tuition	397	301	301	395
Contract – Cyber Security for the Tertiary Sector	133	-	-	1,093
Interest	2,362	2,159	2,159	2,329
Other revenue	2,849	1,224	1,224	1,264
Total revenue	75,261	81,708	73,204	77,204
EXPENSE				
Administration of and Support for the Tertiary Education and Careers Systems				
Tertiary Education Commission	74,043	82,213	73,709	73,619
Māori Education Trust (Ministry of Education administered)	109	109	109	109
Total expense	74,152	82,322	73,818	73,728
Operating surplus/(deficit)	1,109	(614)	(614)	3,476

Revenue was \$6.4 million less than budget owing mainly to \$9.2 million of Fees Free transition funding originally budgeted as operating, transferred to a capital appropriation. This was partially offset by \$0.8 million from Ministry of Social Development for Pacific Work Connect, \$0.5 million of additional funding for Apprenticeship Boost Initiative and \$0.4 million of subleasing income from the Ministry of Pacific Peoples.

Expenses were \$8.2 million less than budget mainly due to the transfer of Fees Free transition funding to a capital appropriation.

Operating Crown capital contributions and expense

For the year ended 30 June

	2025 Actual \$000	2025 Budget (Note 1) \$000	2025 Supplementary Estimates \$000	2024 Actual \$000
CAPITAL CONTRIBUTION				
Vote Tertiary Education:				
Non-Departmental Capital Expenditure				
Vocational Educational Data System	5,000	5,000	5,000	7,850
Tertiary Education Commission – Final-year Fees Free	3,257	-	3,257	-
Total capital contribution	8,257	5,000	8,257	7,850
EXPENSE				
Vocational Educational Data System	3,081	3,081	3,081	7,362
Tertiary Education Commission – Final-year Fees Free	3,726	-	3,257	-
Total expense	6,807	3,081	6,338	7,362
Under/(over) spend	1,450	1,919	1,919	488

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

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

Note 1 – The budgeted figures differ to those included in the Statement of Performance Expectations due to an error at the time of printing.

Grants revenue from the Crown and Grants expenses

For the year ended 30 June

	2025 Actual \$000	2025 Budget \$000	2025 Supplementary Estimates \$000	2024 Actual \$000
REVENUE				
Vote Tertiary Education:				
Non-Departmental Output Expenses				
Centres of Research Excellence	49,800	49,800	49,800	49,800
Strategic Support for National and Regional Priorities	38,619	83,832	41,420	77,782
Support for Wānanga	24,000	24,000	24,000	12,000
Tertiary Education Research and Research-Based Teaching	315,000	315,000	315,000	315,000
Tertiary Sector / Industry Collaboration Projects	13,258	17,399	17,399	15,951
University-led Innovation	-	-	-	707
Workforce Development Councils	65,000	65,000	65,000	65,000
Tertiary Tuition and Training multi-category appropriation (MCA)				
Access to and Success in Tertiary Education	99,352	99,149	99,352	99,110
Foundation and Community Education	312,043	312,228	312,043	299,030
Qualification Delivery (TEC administered)	2,711,211	2,677,549	2,711,211	2,515,740
Qualification Delivery (MoE administered)	215	300	300	300
Benefits or Related Expenses				
Tertiary Scholarships and Awards (TEC administered)	14,952	14,804	15,554	14,336
Tertiary Scholarships and Awards (MoE administered)	5,606	5,874	5,874	5,569
Non-Departmental Other Expenses				
Fees-free Payments	148,830	129,591	153,000	283,092
Vote Education:				
Multi-Category Expenses and Capital Expenditure				
Primary and Secondary Education MCA				
Secondary Education	34,123	32,401	34,250	33,122
Total revenue	3,832,009	3,826,927	3,844,203	3,786,539

This table shows the total appropriation revenue. The Grants Revenue above differs from the amount shown on the statement of comprehensive revenue and expenses by \$5.821 million. This difference relates to the two MoE administered funds above.

Grants revenue from the Crown and Grants expenses (continued)

For the year ended 30 June

	2025 Actual \$000	2025 Budget \$000	2025 Supplementary Estimates \$000	2024 Actual \$000
EXPENSE				
Vote Tertiary Education:				
Non-Departmental Output Expenses				
Centres of Research Excellence	49,800	49,800	49,800	49,800
Strategic Support for National and Regional Priorities	38,619	83,832	41,420	77,782
Support for Wānanga	24,000	24,000	24,000	12,000
Tertiary Education Research and Research-Based Teaching	315,000	315,000	315,000	315,000
Tertiary Sector / Industry Collaboration Projects	7,008	17,399	17,399	15,951
University-led Innovation	-	-	-	707
Workforce Development Councils	65,000	65,000	65,000	65,000
Tertiary Tuition and Training multi-category appropriation (MCA)				
Access to and Success in Tertiary Education	98,099	99,149	99,352	99,110
Foundation and Community Education	322,862	312,228	312,043	299,030
Qualification Delivery (TEC administered)	2,717,619	2,721,223	2,711,211	2,515,740
Qualification Delivery (MoE administered)	215	300	300	300
Benefits or Related Expenses				
Tertiary Scholarships and Awards (TEC administered)	14,952	14,804	15,554	14,336
Tertiary Scholarships and Awards (MoE administered)	5,606	5,874	5,874	5,569
Non-Departmental Other Expenses				
Fees-free Payments	148,830	129,591	153,000	283,092
Vote Education:				
Multi-Category Expenses and Capital Expenditure				
Primary and Secondary Education MCA				
Secondary Education	34,123	32,401	34,250	33,122
Total expense	3,841,733	3,870,601	3,844,203	3,786,539
Grants appropriations surplus/(deficit)	(9,724)	(43,674)	-	-
TEC administered appropriation revenue	3,826,188	3,820,753	3,838,029	3,780,670
Interest	2,667	4,200	4,200	4,050
Prior year items	167	240	240	138
Total TEC revenue	3,829,022	3,825,193	3,842,469	3,784,858
Total TEC administered grants expenses	3,835,912	3,864,427	3,838,029	3,780,670
TEC grants surplus/(deficit)	(6,890)	(39,234)	4,440	4,188

This table shows the total appropriation expenditure. The Grants Expenses above differs from the amount shown on the statement of comprehensive revenue and expenses by \$5.821 million. This difference relates to the two MoE administered funds above.

Grants revenue was greater than budget owing to a transfer of Fees-free Payments funding from the previous year. Strategic Support for National and Regional Priorities was originally budgeted for the full year but ended in December 2024. A portion of this funding was transferred to Qualification Delivery. This reduced the need to draw on the grants Balance Sheet Mechanism and led to the grants deficit being \$32.344 million less than budget. Expenditure was under budget following the ending of the Strategic Support for National and Regional Priorities in December 2024.

Notes to the financial statements

1. Statement of accounting policies

Reporting entity

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

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

Our financial statements are for the year ended 30 June 2025 and were approved by our Board of Commissioners on 31 October 2025.

Basis of preparation

Statement of compliance

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

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

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

Presentation currency and rounding

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

Standards issued and effective

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

Standards issued and not yet effective and not early adopted

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

Summary of significant accounting policies

Significant accounting policies are included in the related notes.

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

Revenue

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

Revenue from Crown

We are primarily funded from the Crown. This funding is restricted in its use for us meeting our performance measures as specified in the Statement of Intent 2022/23 – 2025/26 and Statement of Performance Expectations 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 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.

Contract revenue – Cybersecurity for the Tertiary Sector

The MoE have funded us \$2.6 million to provide assurance work in the tertiary sector.

We recognised \$0.1 million (2024: \$1.1 million) of revenue from the MoE throughout 2024/25 as we delivered the contract.

Interest – grants

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

Interest – operating

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

Goods and Services Tax (GST)

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

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

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

Budget figures

The budget figures are derived from the Statement of Performance Expectations 2024/25 as approved by the Board of Commissioners at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with these financial statements.

Income tax

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

Critical accounting estimates and assumptions

In preparing these financial statements we have made estimates and assumptions concerning the future.

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

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

Critical judgements in applying accounting policies

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

Comparative information

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

1. Grants expense relating to tertiary education institutions

Accounting policy

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.

Breakdown of grants expense

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

	Funding \$000	Accounting Adjustment (Note 1) \$000	2025 \$000	2024 \$000
UNIVERSITIES				
Auckland University of Technology	213,486	9,429	222,915	220,963
Lincoln University	54,408	(332)	54,076	57,502
Massey University	216,211	6,964	223,175	228,375
University of Auckland	562,615	17,695	580,310	564,727
University of Canterbury	244,503	4,401	248,904	246,391
University of Otago	382,278	17,795	400,073	386,888
University of Waikato	122,748	7,309	130,057	115,965
Victoria University of Wellington	210,363	11,463	221,826	220,918
	2,006,612	74,724	2,081,336	2,041,729
TE PŪKENGĀ – NEW ZEALAND INSTITUTE OF SKILLS AND TECHNOLOGY	870,226	48,670	918,896	946,598
WĀNANGA				
Te Wānanga o Aotearoa	149,572	11,904	161,476	143,377
Te Wānanga o Raukawa	27,876	2,064	29,940	3,836
Te Whare Wānanga o Awanuiārangi	31,708	(1,194)	30,514	25,436
	209,156	12,774	221,930	172,649
Total tertiary education institutions grants	3,085,994	136,168	3,222,162	3,160,976
Other tertiary education organisation grants	614,491	6,844	621,335	618,035
Bad debts written off and movement in provision for uncollectable debts	(7,585)	-	(7,585)	1,659
Total grants expense	3,692,900	143,012	3,835,912	3,780,670

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

Note 2 – Our provision for doubtful debts decreased from \$15.506 million in 2024 to \$6.783 million in 2025 as per note 4. This is a \$8.773 million decrease (\$7.585 million exclusive of GST as per above).

1. Payables

Accounting policy

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

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

- › Where we have committed to provide funding based on a multi-year contract, we recognise commitments for a further 12 months. Our contracts with TEOs state our ability to provide funding depends on the Government continuing to appropriate sufficient funding for us to fund the TEO. At 30 June 2025, our funding has only been confirmed up until 30 June 2026.
- › Where we have committed to provide funding to TEOs to the end of the current calendar year, we recognise commitments up to then.

Exceptions are as follows:

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

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

Lease incentives

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

We lease five floors at 44 The Terrace, Wellington.

When we entered into the lease agreement for four floors effective from 1 July 2015, we received a lease incentive of \$1,347,000 equal to one year's rent. We then entered a lease for a further floor on 1 July 2017 and received a further lease incentive of \$266,000 equal to one year's rent.

We have also received a \$34,000 incentive for our Auckland office in November 2019.

Breakdown of payables

	2025 \$000	2024 \$000
CURRENT PAYABLES		
Grants: Non-exchange transactions		
Tertiary grants payable	642,427	499,415
Accrued expenses	48,851	10,585
Creditors	-	(236)
Total current grants payables	691,278	509,764
Operations: Exchange transactions		
Accrued expenses	2,776	3,066
Creditors	114	163
Lease incentive	141	145
Revenue received in advance	774	1,857
Total current operations payables	3,805	5,231
Total current payables	695,083	514,995
NON-CURRENT PAYABLES		
Operations: Exchange transactions		
Lease incentive	139	279
Total non-current payables	139	279
Total payables	695,222	515,274

1. Receivables

Accounting policy

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

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

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

As per note 3, we have a large tertiary grants payable. The Ministry of Education (MoE) acknowledged through a June 2016 Memorandum of Understanding that we would record a receivable from it equal to the amount of our payable.

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

Breakdown of receivables and further information

	2025 \$000	2024 \$000
MoE tertiary grants receivable (non-exchange transaction)	642,427	499,415
MoE balance sheet mechanism receivable (non-exchange transaction)	14,380	76,380
Tertiary grants receivables (non-exchange transaction)	13,823	28,598
MoE other grants receivable (non-exchange transaction)	-	8,965
Other accounts receivable (exchange transaction)	605	1,569
Provision for uncollectability	(6,783)	(15,506)
Total receivables	664,452	599,421

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

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

As at 30 June 2024	Gross \$000	Provision \$000	Net \$000
Not past due	588,861	-	588,861
Past due 1-30 days	1,683	-	1,683
Past due 31-60 days	852	-	852
Past due 61-90 days	195	(77)	118
Past due > 90 days	23,336	(15,429)	7,907
Total	614,927	(15,506)	599,421

Movement in the provision for uncollectability of receivables is as follows:

	2025 \$000	2024 \$000
Balance at 1 July	15,506	13,599
Increase/(decrease) in provision (Note 1)	(224)	2,034
Receivables written off during the year (Note 2)	(8,499)	(127)
Balance at 30 June	6,783	15,506

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

Note 2 – This is higher than in previous years and represents grants debt write-offs from six providers that were in liquidation. The liquidations were conducted over a few years and were completed recently.

1. Personnel costs

Accounting policy

Superannuation schemes – defined contribution schemes

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

Breakdown of personnel costs and further information

	2025 \$000	2024 \$000
Salaries	41,102	42,466
Contractors	893	2,255
Redundancy cost	788	707
Contributions to defined contribution plans	1,207	1,243
Movement in employee entitlements	(178)	(64)
Training and development	247	268
Other personnel expenses	288	433
Total personnel costs	44,347	47,308

Employee remuneration

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

	Number of employees 2025	Number of employees 2024
610,001 to 620,000	1	-
590,001 to 600,000	-	1
350,001 to 360,000	1	-
340,001 to 350,000	-	1
310,001 to 320,000	2	-
300,001 to 310,000	-	1
290,001 to 300,000	2	1
280,001 to 290,000	-	1
270,001 to 280,000	-	1
230,001 to 240,000	1	1
220,001 to 230,000	3	3
210,001 to 220,000	4	3
200,001 to 210,000	5	2
190,001 to 200,000	13	5
180,001 to 190,000	5	7
170,001 to 180,000	7	11
160,001 to 170,000	17	13
150,001 to 160,000	19	16
140,001 to 150,000	20	25
130,001 to 140,000	30	24
120,001 to 130,000	32	39
110,001 to 120,000	37	37
100,001 to 110,000	41	42
Total employees	240	234

During the year, 23 employees (2024: 23) received compensation and other benefits in relation to cessation totalling \$787,902 (2024: \$706,918).

Board of Commissioners' remuneration

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

		2025 \$	2024 \$
CURRENT COMMISSIONERS			
Dr Alan Bollard (Chair) (Note 1)	appointed November 2024	21,994	-
Robin Hapi (Deputy Chair) (Note 2)	appointed February 2025	10,290	-
Dr Alastair MacCormick (Note 3)	appointed June 2017	55,920	33,420
Kirk Hope	appointed December 2019	23,520	23,520
Samuelu (Sam) Sefuiva	appointed December 2022	23,520	23,520
Deidre Shea	appointed December 2022	23,520	23,520
Bharat Guha	appointed November 2024	15,680	-
Sharon McGuire	appointed February 2025	9,800	-
PAST COMMISSIONERS			
Dr Wayne Ngata (Former Acting Chair)	term ended March 2025	35,154	43,844
Vivien Sutherland Bridgwater	term ended December 2024	11,760	23,520
Jenn Bestwick (Former Chair)	term ended March 2024	-	40,257
Total Commissioner's fees		231,158	211,601

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

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

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

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

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

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

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

1. Other expenses

Accounting policy

Capital charge

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

Operating leases

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

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

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

Critical judgements in applying accounting policies

Leases classification

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

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

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

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

Breakdown of other expenses and further information

	Note	2025 \$000	2024 \$000
Consultants		896	997
Managing third-party delivery		3,791	4,033
Computer operations		5,741	6,292
Property rental		3,474	2,102
Capital charge		2,788	2,213
Travel		426	480
Legal fees		415	415
Commissioners' fees	5	231	212
Audit fees for audit of financial statements		232	234
Telephone, tolls and postage		75	98
Insurance		123	125
Other supplies and services		4,318	4,865
Total other expenses		22,510	22,066

Operating leases as lessee

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

	2025 \$000	2024 \$000
Not later than one year	2,533	2,182
Later than one year and not later than five years	2,445	4,030
Later than five years	-	-
Total non-cancellable operating leases	4,978	6,212

Our main lease is for five floors of office space at 44 The Terrace, Wellington. The next renewal date is 1 July 2027 with a final expiry date of 30 June 2033. The figures above have been calculated to 1 July 2027 for this office.

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

1. Cash and cash equivalents**Accounting policy**

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

Breakdown of cash and cash equivalents

	2025 \$000	2024 \$000
OPERATIONS		
Cash at bank	5,991	9,363
Term deposits with maturities less than three months	29,000	20,000
Total operations cash and cash equivalents	34,991	29,363
GRANTS		
Cash at bank	91,460	34,819
Total grants cash and cash equivalents	91,460	34,819
PRE-PURCHASED ENGLISH LANGUAGE TUITION		
Cash at bank	2,538	3,368
Term deposits with maturities less than three months	10,000	7,000
Total Pre-purchased English Language Tuition cash and cash equivalents	12,538	10,368
Total cash and cash equivalents	138,989	74,550

1. Intangible assets

Accounting policy

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

Amortisation

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

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

Critical judgements in applying accounting policies

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

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

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

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

In our assessment of useful lives 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.

Breakdown of intangible assets and further information

Movements for each class of intangible assets are as follows

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

2024					
	Acquired software \$000	Internally generated software \$000	Work in progress (acquired) \$000	Work in progress (internal) \$000	Total \$000
Carrying amount at 1 July	27	7,595	-	14,186	21,808
Capitalisations	-	14,539	-	(14,539)	-
Amortisation and impairments	(9)	(3,013)	-	-	(3,022)
Additions	-	-	-	10,718	10,718
Disposals	(18)	-	-	-	(18)
Carrying amount at 30 June	-	19,121	-	10,365	29,486
Cost	1,887	46,880	-	10,365	59,132
Accumulated amortisation	(1,887)	(27,759)	-	-	(29,646)
Carrying amount at 30 June	-	19,121	-	10,365	29,486

The amount of contractual commitments for the acquisition of intangible assets is \$2.560 million (2024: \$2.445 million).

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

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

1. Property, plant and equipment

Accounting policy

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

All asset classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to us and the cost of the item can be measured reliably.

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

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

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

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

Disposals

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

Depreciation

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

Class	Useful Life	Depreciation rate
Leasehold improvements	Life of lease	
Computer equipment	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.

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

Refer to the policy on intangible assets in note 8.

Breakdown of property, plant and equipment and further information

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

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

2024					
	Leasehold improvements \$000	Computer equipment \$000	Office equipment \$000	Furniture and fittings \$000	Total \$000
Carrying amount at 1 July	1,589	1,250	-	578	3,417
Depreciation and impairments	(407)	(725)	-	(91)	(1,223)
Additions	-	840	-	-	840
Disposals	-	(16)	-	-	(16)
Carrying amount at 30 June	1,182	1,349	-	487	3,018
Cost	4,328	2,910	20	940	8,198
Accumulated depreciation	(3,146)	(1,561)	(20)	(453)	(5,180)
Carrying amount at 30 June	1,182	1,349	-	487	3,018

There are no contractual commitments for the acquisition of property, plant and equipment (2024: \$nil).

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

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

1. Employee entitlements

Accounting policy

Current employee entitlements

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

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

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

Non-current employee entitlements

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

The calculations are based on:

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

Presentation of employee entitlements

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

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

Critical accounting estimates and assumptions

Measuring retirement and long service leave obligations

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

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

Breakdown of employee entitlements and further information

	2025 \$000	2024 \$000
CURRENT PORTION		
Annual leave	2,200	2,380
Salaries and wages	1,336	1,255
Retirement and long service leave	162	90
Redundancies	113	85
Sick leave	12	17
Total current portion	3,823	3,827
NON-CURRENT PORTION		
Retirement and long service leave	384	529
Redundancies	-	32
Sick leave	73	70
Total non-current portion	457	631
Total employee entitlements	4,280	4,458

Sensitivity analysis

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

	Long service leave \$000	Retiring leave \$000	Total \$000
No change	532	14	546
Salary growth: 1.0% increase per year	556	16	572
Salary growth: 1.0% decrease per year	510	12	522
Resignation rates: 50% of assumed	671	16	687
Resignation rates: 150% of assumed	438	12	450
Discount rates: 1.0% increase	513	13	526
Discount rates: 1.0% decrease	472	16	488

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

Accounting policy

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

Breakdown of Pre-purchased English Language Tuition

	2025 \$000	2024 \$000
Balance at 1 July	11,644	10,092
Fees received from migrants	6,769	5,898
Fees paid to providers	(2,414)	(1,497)
Refund of unused fees to Ministry of Business, Innovation and Employment	(1,556)	(2,454)
Contract expense – administration	(397)	(395)
Balance at 30 June	14,046	11,644

1. Provision for lease

Accounting policy

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

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

Lease make-good provisions

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

We lease five floors at 44 The Terrace, Wellington. At the expiry of the lease term, we are required to make-good any damage caused and remove any installed fixtures and fittings. The cost is based on the market value of replacement items as specified in the lease agreements. We estimate this to be \$161,000 (2024: \$158,000).

Onerous contracts

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

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

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

Breakdown of provision for lease

	2025 \$000	2024 \$000
CURRENT PORTION		
Onerous lease	472	-
Total current portion	472	-
NON-CURRENT PORTION		
Lease make-good	161	158
Onerous lease	471	-
Total non-current portion	632	158
Total provision for lease	1,104	158

1. Repayment of grants funding – Ministry of Education

Accounting policy

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

Breakdown of repayment of grants funding – MoE

	2025 \$000	2024 \$000
Balance at 1 July	5,511	6,892
Repayments of opening balance	(5,511)	(6,892)
Prior year recoveries	2,322	1,461
Excess funding drawn	14,634	-
Interest	2,667	4,050
Balance at 30 June	19,623	5,511

1. Equity

Accounting policy

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

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

Breakdown of equity

	2025 \$000	2024 \$000
GRANTS EQUITY		
Balance at 1 July	112,046	111,908
Surplus/(deficit) for the year	(6,890)	4,188
Repayment of grants interest – MoE	(2,667)	(4,050)
Capital withdrawal – non-cash – MoE (Note 1)	(62,000)	-
Balance at 30 June	40,489	112,046
OPERATIONS EQUITY		
Balance at 1 July	52,345	41,019
Surplus/(deficit) for the year	1,109	3,476
Crown capital contributions – MoE	8,257	7,850
Balance at 30 June	61,711	52,345
Total equity	102,200	164,391

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

1. Related party transactions

We are controlled by the Crown.

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

- › within a normal supplier or client/recipient relationship, and/or
- › on terms and conditions no more or less favourable than those it is reasonable to expect we would have adopted in dealing with the party at arm's length in the same circumstances.

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

We have no related party transactions to disclose.

	2025 \$000	2024 \$000
COMMISSIONERS		
Remuneration	231	212
Full-time equivalent members	0.9	0.9
LEADERSHIP TEAM		
Remuneration	2,195	2,127
Full-time equivalent members	6.0	6.0
Total key management personnel remuneration	2,426	2,339
Total full-time equivalent personnel	6.9	6.9

2. Financial instruments

Financial instrument categories

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

	2025 \$000	2024 \$000
FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Cash and cash equivalents	138,989	74,550
Receivables	664,452	599,421
Total financial assets measured at amortised cost	803,441	673,971
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Payables (current portion)	695,083	514,995
Payables (non-current portion)	139	279
Total financial liabilities measured at amortised cost	695,222	515,274

Financial instrument risks

Market risk – interest rate risk

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

Market risk – currency risk

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

Credit risk

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

Liquidity risk

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

Contractual maturity analysis of financial liabilities

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

1. Contingencies

Contingent liabilities

There are no contingent liabilities for the current year (2024: nil).

Contingent assets

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

2. Events after balance date

There were no significant events after the balance date.

3. Explanations of major variances against budget

Explanations for major variances from our budgeted figures in the *Statement of Performance Expectations 2024/25* are as follows:

Statement of Comprehensive Revenue and Expense

Grants revenue and grants expense

Grants revenue was \$5 million greater than budget and grants expense was \$29 million less than budget. Fees-free Payments revenue was greater than budget following the transfer of funding from the previous year.

Strategic Support for National and Regional Priorities was originally budgeted for the full year but ended in December 2024. A portion of this funding was transferred to Qualification Delivery. This reduced the need to draw on the grants Balance Sheet Mechanism and led to the grants deficit being \$32 million less than budget.

Expenditure was under budget following the ending of the Strategic Support for National and Regional Priorities in December 2024.

Operating revenue and personnel costs

Operating revenue was \$7 million under budget and personnel costs were \$6 million under budget. This was largely owing to the change in the assumption of the Final-year Fees Free funding (\$9 million) which was originally assumed as operating in the budget but transferred to capital in the October Baseline Update 2024.

Statement of Financial Position

Receivables

Receivables were \$99 million greater than budget. The tertiary grants receivable was \$130 million greater than budget following increased student numbers. This was partially offset by the MoE balance sheet mechanism receivable being \$29 million less than budget following reprioritisations in Budget 2025.

Cash

Cash was \$53 million greater than budget. This is comprised mainly of cash drawn for expenses that were not paid before the end of the year, and cash drawn in anticipation of being allocated but was not required.

Intangible assets

Intangible assets were \$7 million greater than budget owing mainly to our Final-year Fees Free funding capital project (\$4 million) which was originally budgeted as operating. Our Data System Refresh project (funded by the Vocational Educational Data System capital contribution) also spent \$2 million more than originally budgeted – this overspend was funded by our reserves.

Payables

Payables were \$158 million greater than budget. The main driver was the increase in student numbers which increased the tertiary grants payable at year end. The remaining variance was accrued expenses that were not paid before the end of the year.

Repayment of grants funding – MoE

Repayment of grants funding was \$15 million greater than budget. This was a combination of additional funding drawn down in June that was not required during the month and additional recoveries collected during the year that could not be retained and must be returned to the MoE.

Independent auditor's report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Tertiary Education Commission's annual financial statements and performance information for the year ended 30 June 2025

The Auditor-General is the auditor of Tertiary Education Commission (TEC). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- » the annual financial statements that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive revenue and expenses, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 78 to 110; and
- » the performance information that consists of:
 - › the statement of performance for the year ended 30 June 2025 on pages 18 to 38; and
 - › the end-of-year performance information for appropriations for the year ended 30 June 2025 on pages 51 to 76.

Opinion

In our opinion:

- » The annual financial statements of TEC:
 - › fairly present, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - › comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

- » The statement of performance fairly presents, in all material respects, TEC's service performance for the year ended 30 June 2025.

In particular, the statement of performance:

- › provides an appropriate and meaningful basis to enable readers to assess the actual performance of TEC for each class of reportable outputs, determined in accordance with generally accepted accounting practice in New Zealand; and
 - › fairly presents, in all material respects, for each class of reportable outputs:
 - the actual performance of TEC;
 - the actual revenue earned; and
 - the output expenses incurred;
 as compared with the forecast standards of performance, the expected revenues, and the proposed output expenses included in TEC's statement of performance expectations for the financial year; and
 - › complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- » The end-of-year performance information for appropriations:

- › fairly presents, in all material respects:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred in relation to the appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and

- › complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 31 October 2025. This is the date at which our opinion is expressed.

Basis for our opinion

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

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

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

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

The preparation of the financial statements and performance information of TEC is the responsibility of the Board of Commissioners (the Board).

The Board are responsible on behalf of TEC for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. This includes preparing performance information that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Board are responsible for such internal control as they determine is necessary to enable them to prepare annual financial statements, a statement of performance, and the end-of-year performance information for appropriations that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, the Board are responsible on behalf of TEC for assessing TEC's ability to continue as a going concern.

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

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

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

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

For the budget information reported in the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, our procedures were limited to checking that the information agreed to TEC's statement of performance expectations or to the Estimates of Appropriations for the Government of New Zealand, for the year ending 30 June 2025.

We did not evaluate the security and controls over the electronic publication of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations.

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

- » We identify and assess the risks of material misstatement of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TEC's internal control.
- » We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- » We evaluate whether the statement of performance and the end-of-year performance information for appropriations:
 - › provide an appropriate and meaningful basis to enable readers to assess the actual performance of TEC in relation to the forecast performance of TEC (for the statement of performance), and what has been achieved with the appropriation by TEC (for the end-of-year performance information for appropriations). We make our evaluation by reference to generally accepted accounting practice in New Zealand; and
 - › fairly present the actual performance of TEC and what has been achieved with the appropriation by TEC for the financial year.
- » We conclude on the appropriateness of the use of the going concern basis of accounting by the Board.
- » We evaluate the overall presentation, structure and content of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, including the disclosures, and whether the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

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

Our opinion on the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

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

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



Dereck Ollsson

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

Part seven: Appendices

Wāhanga whitu:
Ngā tāpiringa

Appendix A: Our good employer requirements

Organisational performance and employee engagement: maintaining stability and resilience through a period of change

The TEC continues the trend of high employee engagement in 2025. Our annual employee experience survey (staff survey), shows a participation rate of 86.8%, which is an all-time high for the TEC and 23.2% ahead of the state sector average.

Given the current environment of organisational change, high workload and uncertainty, our survey scores indicate an overall state of fairly high resilience and wellbeing. The score in the Wellbeing category remains 80%, as it was in 2024.

The TEC is a “great place to work” – strategy, culture, diversity and inclusion

Our staff survey results showed that 78% of people agreed that the TEC is a great place to work. This question continues to score highly, as it has in previous years. The survey results showed an increased understanding of the TEC’s strategic settings, along with a confidence that leaders will implement the Purpose, Vision and Values successfully. Additionally, the TEC is viewed as a diverse place where “people from all backgrounds and cultures feel included, welcomed and valued” scoring 80% in the survey in 2025. During the year we added the Neurodiversity Network to our existing employee networks and social groups.

Māori cultural competency

Our Māori cultural competency and specifically our Te Tiriti awareness is steadily improving. 70% of our people are confident in their understanding of Te Tiriti and how it applies to their and the TEC’s work. We are continuing to curate relevant learning resources for staff.

Leadership, flexible work, and privacy and information security: We continue to build on our strengths

Leadership

The TEC’s leadership continues to have support and trust from our people. Our staff survey data shows that 72% of our people think “our leaders/managers make and deliver hard decisions in an effective way”.

Flexible work

As in the previous years, flexible work continues to add to our Employer Value Proposition. “My manager trusts me to work productively while working remotely to meet agreed objectives” – this question in our staff survey scored 91% (the same as 2024). “I have the flexibility to manage work and home life” also scored highly. The qualitative (text response questions) data also supports that there is high trust between people leaders and staff to maintain their productivity and wellbeing in mutually agreed flexible work arrangements, as per our revised Flexible Work Guidelines.

Privacy and information security

The TEC has always shown high integrity in this area. Our staff survey results show the importance of maintaining the safety of private information is understood (scoring over 85%). At the TEC, all new staff must complete an eLearning module on Privacy and a new module on the Code of Conduct as part of their Induction, and all existing staff must refresh their learning annually. New microlearning modules on Phishing have been launched recently, and employees’ awareness of information security is tested through periodic simulations.

Client focus and stakeholder relationships: areas of strength

The “Client Focus” and “Stakeholder Relationships” categories in our staff survey reflect our people’s perception of how we interact with our stakeholders and partners to improve outcomes for New Zealand’s learners. The trend over the last four surveys reveals that these scores have been improving steadily, indicating that the TEC’s people feel they continue to add value to the education sector.

Learner success

In 2025, via the staff survey, we obtained a measure of how aware TEC staff are of the importance of learner success and how confident they are to apply it to their roles. The results show there is a good foundation for embedding learner success in our core business activities, which will continue to be our focus in the year ahead.

Other successes achieved last year have increased the visibility of learner success to all TEC staff, as well as raised the TEC’s profile in the wider public sector – for example, the roll out of Inspiring the Future to primary schools, the TEC’s work with Inspiring the Future volunteers, and the launch of Tahatū Career Navigator.

Career progression, learning and development, and technology

Career progression

During the year we established a working group to create a Career Progression Framework and Development Pathways which will be rolled out to our people in the coming year.

Our performance management framework provides guidance on how staff, supported by their managers, may start career development conversations and access suitable learning and development in their current roles and beyond.

Learning and development

During the year we have progressed our work on developing a learning culture at the TEC. As part of this, we have developed and procured new learning solutions, such as a “Health, Safety and Wellbeing” suite of e-learning, and provided key courses for leadership and team development, staff development, and capability-based learning.

Technology

We now have our document management system migrated to SharePoint. Training was provided to all staff, who are now following best practice document management. This, and mandatory microlearning on phishing, has improved our information security.

Our operating system has been upgraded to Windows 11, and as part of this, we now have access to Copilot, the Microsoft AI assistant, so that staff can maximise the use of AI in a secure way.

Employee development, promotion and feedback

We provide data to the monthly Organisational Performance Management meeting on the percentage and numbers of staff leaving the organisation. We review staff exit questionnaires and provide further analysis of the reasons people leave. Core unplanned turnover is 8.1%, the lowest recorded at the TEC. This reflects the impact of fiscal savings measures across the public sector, which have led to staff reductions and fewer vacant roles.

Remuneration, recognition and conditions

We meet monthly with the Public Service Association (PSA) to discuss common issues and change processes. The PSA has representation on our Safety and Wellbeing Committee and our Gender Pay, Developing a New Pay System and Career Progression working groups; and reviews of employment-related policies. It also supports members with organisational change. We are due to commence negotiations for a new Collective Agreement with the PSA in the new financial year.

Harassment and bullying prevention consulting

We created an e-learning module which integrates guidance on three key policies. This includes our Code of Conduct and outlines the behavioural standards and expectations for all staff.

We review statistics from Vitae, our employee assistance programme, quarterly, at our Safety and Wellbeing Committee meetings for any work-related issues or trends.

Health and safety

The Safety and Wellbeing Committee meet quarterly, with the PSA represented on the committee.

In 2025, our staff survey results reflected that 77–82% people feel confident that they can manage their family, physical and spiritual health. The last year has seen a lot of change and uncertainty, and this score indicates a resilient workforce with a high awareness of their health, safety and wellbeing responsibilities.

Our Board of Commissioners continues to receive monthly updates on safety and wellbeing, as well as KPIs on accident and incidents, lost time, sick leave, annual leave, number of hires, and turnover. Our wellness portal 'Tracksuit' and the Employee Assistance Programme delivered by Vitae is available for our people to use when needed.

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

Flexible working arrangements are available for people with temporary or permanent health conditions or disabilities, enabling them to work from home as needed.

Appendix B: Governance and accountability

Our Board



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



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



Dr Wayne Ngata
Acting Chair
(until 25 March 2025)



Dr Alastair MacCormick



Kirk Hope



Deidre Shea



Samuelu (Sam) Sefuiva



Vivien Sutherland Bridgwater
(until December 2024)



Bharat Guha
(Appointed to the Board from November 2024)



Sharon McGuire
(Appointed to the Board from February 2025)

Whatitata Whakaū – Risk and Assurance Committee members 2024/25

Dr Alastair MacCormick (Chair)

Dr Alan Bollard (Board Chair) (from May 2025)

Kirk Hope

Samuelu Sefuiva

Bharat Guha (from May 2025)

Stewart McRobie (Independent Consultant)

Ohu Tangata – People and Culture Committee members 2024/25

Samuelu Sefuiva (Chair from September 2024)

Vivien Sutherland Bridgwater (Chair until August 2024) (member until December 2024)

Dr Wayne Ngata (until March 2025)

Dr Alan Bollard (Board Chair) (from April 2025)

Robin Hapi (Deputy Chair) (from April 2025)

Deidre Shea (from April 2025)

Sharon McGuire (from April 2025)

Tupu - Student Learner Advisory Committee members 2024/25

TEC Board:

Dr Alan Bollard (Board Chair) (from June 2025)

Bharat Guha (from June 2025)

Deidre Shea

Vivien Sutherland Bridgwater
(until December 2024)

Dr Wayne Ngata (until March 2025)

Student representatives:

- › **Sean Prenter** (National Disabled Students' Association) (until June 2025)
- › **Max Devon** (Student Association of the Nelson-Marlborough Institute of Technology – Te Pūkenga) (until June 2025)
- › **Nina Lee Griffiths** (Te Pūkenga)
- › **Harris Puanaki-Devon** (Te Mana Ākonga) (until June 2025)
- › **Whiti Timutimu** (Te Whare Wānanga o Awanuiārangi)
- › **Sean Teow** (NZ International Students' Association) (until June 2025)
- › **Malachy Heath** (ITENZ) (until June 2025)
- › **Nikki Van Dijk** (National Disabled Students' Association) (until June 2025)
- › **Eloise Flemming** (National Disabled Students' Association) (from June 2025)
- › **Te Tuhiwhakaura o te Rangi Wallace-Ihakara** (Te Mana Ākonga) (from June 2025)
- › **Irfaan Affrin** (National International Students' Association) (from June 2025)
- › **Sophie Guptill** (SAE) (from June 2025)
- › **Distance Dynasty Paige Takamori** (Te Mana Ākonga) (from June 2025)

The chairing of these meetings rotates each meeting.

Appendix C: Glossary

Adult and Community Education	ACE	Community-based education that provides adults with foundation skills and pathways into other learning opportunities that meet identified community needs and funded priorities.
Centres of Asia-Pacific Excellence	CAPEs	Committed to enhancing New Zealand’s economic engagement and cultural understanding with the Asia-Pacific region and building New Zealanders’ understanding and ability to engage.
Centres of Research Excellence	CoREs	Inter-institutional research networks with researchers working together on a commonly agreed work programme; each hosted by a university and generally comprising a number of partner organisations, including other universities, Crown Research Institutes and wānanga.
Centres of Vocational Excellence	CoVEs	Applied research institutes focused on excellence in vocational education and training. Two CoVEs currently exist: one focused on the Construction sector, and the other on the Food and Fibre sector.
Disability Action Plans	DAPs	A strategic response to implement a unified approach towards supporting our disabled learners within tertiary education. All large tertiary education organisations are required to submit draft DAPs that articulate the changes they will make to better support learners with disabilities and improve their tertiary education outcomes.
Industry Skills Boards	ISBs	Responsible for setting vocational education standards and, during a transitional period, managing work-based training currently overseen by Te Pūkenga. This transition will begin in 2026 and continue until the end of 2027, after which ISBs will focus solely on standards-setting and programme endorsement.
Inspiring the Future	ItF	A programme to connect children from ages 7 to 13 with volunteer role models from the world of work, to broaden career options and challenge stereotypes.
Institutes of technology and polytechnics	ITPs	Deliver technical vocational and professional education up to degree and postgraduate levels.
Learner Success Plans	LSPs	Tertiary education organisations are required to provide LSPs outlining how they will change the way their organisation operates to deliver better outcomes for their learners, especially those who are under-served by the tertiary system.

National Careers System Strategy	NCSS	A cross-agency plan to move the careers system towards the vision – “people are empowered to understand themselves and their aspirations and can navigate careers opportunities that fit throughout their lives”.
Performance-Based Research Fund	PBRF	A fund established to ensure that excellent research in the tertiary education sector is funded and rewarded. The PBRF is accessed by universities, institutes of technology and polytechnics, wānanga and private training establishments.
Private training establishments	PTEs	Provides tertiary education or vocational training. PTEs are separate to institutions (ie, polytechnics, universities, wānanga) and are covered by, and must comply with, sections 232D–236 of the Education and Training Act 2020 and the Private Training Establishment Registration Rules 2018.
Pacific Work Connect Programme	PWCP	Assists migrants from Pacific countries to obtain job seeking skills that will help them to secure employment in New Zealand. Originally limited to clients residing in Auckland, via face-to-face and/or online sessions, but later supported clients residing outside of Auckland.
Regional Skills Leadership Groups	RSLGs	A key change within the RoVE programme of work. RSLGs will provide advice about the skills needs of regions to the TEC, WDCs and local vocational education providers. They will better manage the changing skills and workforce needs in our regions and cities, and support the recovery of labour markets.
Tertiary education institutions	TEIs	Providers of tertiary education that are Crown entities under section 268 of the Education and Training Act 2020; namely universities, institutes of technology and polytechnics, and formally established wānanga.
Tertiary education organisations	TEOs	The overarching term for all public, private or community-based organisations that offer tertiary education or tertiary-related services.
Tertiary Education Strategy	TES	Sets out the Government’s long-term strategic direction for tertiary education.
University Advisory Group	UAG	Examines and provides strategic advice on the future of New Zealand’s university system.

Vocational Educational and Training	VET	Vocational Education and Training enables skills development in a wide range of occupational fields, through provider-based and work-based learning. VET funding covers provider-based study at Levels 3–7 (non-degree) and all work-based learning.
Workforce Development Councils	WDCs	Industry-led bodies focused on improving the vocational education and training system. To be replaced by ISBs in 2026. They work to ensure that the skills and knowledge taught in vocational education align with the current and future needs of their respective industries. There are six WDCs, each covering a specific sector, such as Primary and Construction.
Youth Guarantee	YG	Provides fees-free tertiary places for eligible domestic students aged 16 to 19 years who are studying towards NCEA Levels 1 or 2, or another qualification at Levels 1, 2, or 3 on the New Zealand Qualifications Framework (NZQF).

The Tertiary Education Commission and Te Tiriti o Waitangi

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

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

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

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

In particular, through our Ōritetanga Learner Success work programme, we will give effect to the Crown's Third Article Treaty obligations to ensure equitable outcomes for Māori as learners. We will work to ensure that all Māori learners receive what they need to be successful, through the intentional design and stewardship of the tertiary education system.

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

We continue to strive to give effect to Te Tiriti

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

- › Te Tiriti underpins the Tertiary Education Strategy (TES), Tau Mai Te Reo, Ka Hikitia and our own organisational strategy. Our commitment to honour Te Tiriti o Waitangi is woven into our implementation of these strategies and our core legislative functions.
- › Following the implementation of bespoke TEC Te Tiriti o Waitangi training workshops, the results of our 2025 Annual Employee Experience Survey, He Waka Eke Noa, have demonstrated a 9% increase in Te Tiriti capability from the previous 2024 survey results. Enabling staff to better embed Te Tiriti and support Māori–Crown relations across TEC business.

“I am confident in my understanding of Te Tiriti o Waitangi and how it applies to me and my organisation's work” – this has scored 70% (cumulative +10% from 2023)

- › Formal partnerships with iwi are one way that the TEC honours its obligations under Te Tiriti. We continue to progress work identifying

- › iwi with education strategies, education-to-employment strategies, or social investment strategies. We have categorised and mapped our findings to date and are working with iwi that desire either a formal relationship, or simply wish to periodically engage with us. We continue to review existing iwi relationship agreements to ensure we are fulfilling our Treaty settlement obligations.
- › We are working to ensure our Te Tiriti commitments are being met through our stewardship, monitoring and leadership role for the careers system. Tahatū Career Navigator will reflect these commitments with the inclusion of kaupapa Māori career ideas and pathways. The continued development of kaupapa Māori career ideas ensures a close alignment with the Government's focus on building economic growth through skills development. They are also a specialised lever to support the Māori economy, which is a key contributor to the attainment of the Government's “going for growth” agenda.



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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Every effort is made to provide accurate and factual content.

The TEC, however, cannot accept responsibility for any inadvertent errors or omissions that may occur.



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**Tertiary Education
Commission**
Te Amorangi Mātauranga Matua



Te Kāwanatanga o Aotearoa
New Zealand Government