



**Tertiary Education
Commission**
Te Amorangi Mātauranga Matua



Briefing for the Incoming Minister for Universities

January 2025

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Key messages

Congratulations on your appointment. This Briefing to the Incoming Minister (BIM) is intended to support you in meeting your new responsibilities. It has been written before we have total clarity on your portfolio responsibilities. As such this BIM focuses on the key issues facing the university sector and how these reflect issues in the broader tertiary education sector. The TEC can provide you with further and in-depth briefings on areas where you would like more information or a deeper analysis.

The fundamentals of New Zealand's tertiary education system are relatively strong. New Zealanders can access high quality tertiary education and training around the country and online. Our sector is comprised of eight universities, the New Zealand Institute of Skills and Technology (NZIST), three wananga, and 371 registered private training establishments.

New Zealand has a high-performing university sector which is a key driver of New Zealand's economic growth. Our universities are all ranked in the top three percent in the world, and the system overall is characterised by high calibre teachers, academics and researchers. Employment outcomes for learners are good, and New Zealand is an attractive destination for international students – which strengthens our connections with the global community.

However, there are several challenges facing the university sector, many of which are also impacting the wider tertiary sector. These will need to be addressed if we are to retain a strong, financially sustainable tertiary system that drives New Zealand's economic growth and adds value to its society. We will provide you with more detailed advice in due course, but our key messages for you as the new Minister for Universities are:

- › **The university sector faces significant financial challenges**

The university sector plays a vital role in our tertiary system and receives over half of all TEC funding. Government funding to the sector has fallen well behind inflation in recent years, and COVID-19 border closures reduced international fee revenue which has only just recovered. Some institutions have also been slow to adjust to changing domestic learner numbers and shifting patterns of enrolment. The varied institutional responses to these financial pressures continue to impact the range of programmes and services being delivered, and the network's overall capability and capacity for higher education and research is at risk.

- › **The system needs to be more responsive to what industry and employers need, especially as the workforce and economy change**

In an environment of constant change, the tertiary education system needs close connections with industry so that learners gain the relevant and up-to-date skills and knowledge that employers need. This also applies to the university sector. To support the sector to more directly contribute to the Government's economic growth agenda, the Government has options to be more directive in the use of the TEC's funding and monitoring levers.

- › **There remain large disparities in learner outcomes that need to be addressed**


The tertiary education system, including the university sector, does not deliver good results for everyone. Persistent educational disparities need to be addressed to better enable New

Zealand's economic prosperity. The TEC is committed to supporting the sector to achieve significantly improved educational outcomes. To realise this goal, organisations must become learner-centric and fully invest in prioritising learner success. This requires universities to re-examine how and what they deliver to their learners and to take a whole-of-organisation approach to achieving better educational outcomes.

The Government has appointed a University Advisory Group to advise on the future of the university sector

A University Advisory Group (UAG) was established by the Minister for Tertiary Education and Skills in March 2024 to advise the Ministry of Education on challenges and opportunities in the university system to support future policy development. It has been working in parallel with the Science System Advisory Group (SSAG) which was established by the Minister for Science, Innovation and Technology to advise MBIE on issues in the research and science sector. Both groups are chaired by Professor Sir Peter Gluckman to ensure that any proposed changes benefit both systems.

9(2)(b)(ii), 9(2)(f)(iv)



The priorities as we see them...

Below is a summary of the TEC's current top priorities across New Zealand's university sector, these are mapped to the key messages above.

The university sector faces significant sustainability issues

Since 2019, the tertiary sector has faced a range of challenges that have impacted on financial performance. While each TEO has responded differently, and some have managed the challenges better than others, the key causes are these:

- › Increases in government-controlled revenue sources¹ have fallen well behind inflation since 2020, after tracking relatively closely in the 10 years prior.
- › Full-fee international enrolments fell sharply during COVID-19 due to border closures. While growth has been stronger than expected in 2024, and the sector as a whole has forecast to return to pre-COVID-19 levels, several universities remain below pre-COVID-19 levels and there has been significant forgone revenue over the past five years.
- › Over the 2021 to 2023 period, domestic enrolments fell by more than the sector expected and some universities have taken market share from others resulting in considerable changes to domestic enrolment levels.
- › Constrained revenue and high inflation have made it difficult for universities to respond to increases in general operating costs, provide staff with pay increases aligned to inflation, and deliver capital projects and other strategic initiatives.

As a result, many universities have reported deficits in recent years. In 2024, the university sector is forecasting to break even with three universities reporting a deficit. The financial challenges have required universities to implement staff restructuring, seek operating savings, defer capital projects, sell surplus assets, and revise operating models. To a degree, the level of change required by individual organisations relates to how quickly (or not) they have responded to lower enrolment trends and changing learner preferences.

We currently assess two universities as high-risk (Massey and VUW, although there has been a material improvement in Victoria's performance in the last year), four universities as medium risk (Otago, UC, Lincoln, and Waikato) and two as low-risk (AUT and Auckland). We closely monitor all universities based on their risk rating based on the latest information. This includes constant consideration of what levers can be used to mitigate risks to the Crown and the nation's network of provision.

Universities are also having to make trade-offs between ensuring short-term viability and making long-term shifts to better meet learner and stakeholder needs (e.g., greater flexibility in offerings). The latter would likely support longer-term financial sustainability. The sector's governance and management capability is being tested as the sector navigates this period. For many, tough decisions will need to be made around what activity is prioritised and what can be stopped. In

¹ Tuition subsidy rates, the Annual Maximum Fee Movement, the Performance-Based Research Fund, and other public research funds.

addition, institutions will need to continue to examine their strategic direction and associated capital investments, and how they intend to meet the needs of learners, employers, and the communities that they serve.

As Minister, you hold several key levers that could influence the funding and financing of the university sector. These levers should be considered following advice from the University Advisory Group and the Ministry of Education.

There are opportunities to improve the system for employers and industry

The world of work is changing, with an ageing and increasingly ethnically diverse workforce, increased automation and technological change, and different expectations of what work looks like from both employers and employees. In this environment of constant change, it is more important than ever that the tertiary education system is closely connected with industry and that learners gain the relevant and up-to-date skills and knowledge that employers need. There are opportunities to explore how industry voice is captured better across the university and wider tertiary sector.

A range of other opportunities exist to improve how the system responds to employer and industry needs:

- › More responsive forms of educational provision, such as micro-credentials, will reduce the lag time in the design and delivery of skills training.
- › Greater coordination between the immigration system and tertiary education is also needed, to provide a balance between immigration that meets short-term skill needs and a tertiary system that is building a pipeline to meet skill needs in the medium to longer term.

We are also interested in discussing with you, current impediments to innovation in the approach to occupational regulation for some professional workforces. For example, workforces regulated through legislation offer limited opportunities to consider alternative approaches for training and qualification. This is contributing to a lack of supply for the labour market. While a balance must be struck between enabling innovation and maintaining highly trained and qualified workforces, we consider there are opportunities for education and labour-market-focused agencies to develop more enabling occupational regulation settings.

Degree apprenticeships are increasingly being deployed internationally to enable industry to shape and develop skilled employees, while also strengthening pathways into employment for graduates. This includes areas that traditionally do not have work-based training, such as financial services and information technology. The TEC has funded a local trial in engineering degrees which showed good employer buy-in and feedback for such an approach. To grow this approach would require a review of both the current funding settings for higher education and the wider regulation of qualifications.

Tertiary education is key to unlocking productivity and economic growth

While world-class in some respects, our tertiary education system does not deliver good outcomes for everyone, including in the university sector. There are long-standing equity-of-outcome issues

for groups within the system, including Māori, Pacific, those from lower socio-economic groups, and disabled learners, which have not been addressed effectively in the past.

Educational performance indicator (EPI) data shows that there is an approximately 20 percentage point variation in qualification completion rates across the universities for all learners from the highest rate (Otago, at nearly 75%) to the lowest (Massey, at just over 55%). For Māori learners, this variation remains roughly the same, with the highest rate (Otago, at 66%) around 27 percentage points higher than the lowest rate (Massey, at 39%). The same variation exists for Pacific learners: the highest rate (Otago, at 57%) is 21 percentage points higher than the lowest (Massey, at 36%). While there is variation between the universities, however, it is notable that they all have significantly lower qualification completion rates for their Māori and Pacific learners compared to their non-Māori, non-Pacific learners.

By 2043, around a third of New Zealand's population will be Māori or Pacific; Māori are projected to make up 21 percent and Pacific peoples 11 percent. Both will have a young profile, with 33 percent of Māori and 19 percent of Pacific people being under 14 years old.

Achieving significantly better outcomes is critical to meeting New Zealand's future skill needs. If we do nothing, there will be ripple effects for our economy – loss of human capital, decreased social mobility and increased social dependency.

Improving completions is not just good for New Zealand's economic prosperity; it makes financial sense for tertiary providers. Research indicates that, on average, 20 percent of people who are new to university education are not retained to their second year. This equates to an estimated financial loss to the universities of \$169 million in tuition subsidies and student fees. Given the financial issues currently facing many providers, there are compelling financial returns on investment in learner success initiatives, through increased learner retention and progression.

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

Based on this overseas evidence, the TEC has developed and tested a Learner Success Framework for New Zealand in collaboration with the sector. Through our investment, monitoring and system-stewardship functions, we are supporting tertiary providers as they design and implement their learner-centric operating models. These approaches will deliver significantly more qualified workers into the labour market.

Another core role for the TEC in supporting learners is delivery of quality careers information. Our careers role closely complements our investment in the tertiary education system and supports lifelong learning. The previous government appointed the TEC as the system leader for careers. We are working with key careers industry groups, the private sector and government agencies to take an 'all of system' view on improving careers information and guidance.

Other key issues we are working on and want to raise with you

Our BIM has focused on the major issues presently facing the tertiary sector. We would also like to advise you on the following:


- › **Cyber security:** There is ongoing risk globally, and the tertiary education sector is an attractive target. In response to the increasing levels of cyber-attacks we recently ran a programme to support the tertiary sector in raising their level of cybersecurity. This programme was funded through an appropriation the Ministry of Education received as part of improving cybersecurity across the education sector. Tertiary Organisations, particularly those with limited cybersecurity capability, found the programme run by the TEC very useful and we received universally positive feedback from the sector on its value.

Part Two: Matters requiring your attention in the coming months


Considerations for Budget 2025

There are two key issues which will impact the financial position of Universities which need to be considered as part of Budget 2025:

1. 9(2)(b)(ii)




2. 9(2)(b)(ii)




The TEC currently operates a balance sheet mechanism which is designed to manage cost pressures within and across financial years. These pressures always need to incorporate the funding required to support Tertiary Education Organisations (TEOs) to deliver up to 102% of their approved funding allocation each year (if they meet the agreed criteria) and also cover excess demand above that allowed for in the forecast process.

9(2)(b)(ii)



9(2)(b)(ii)

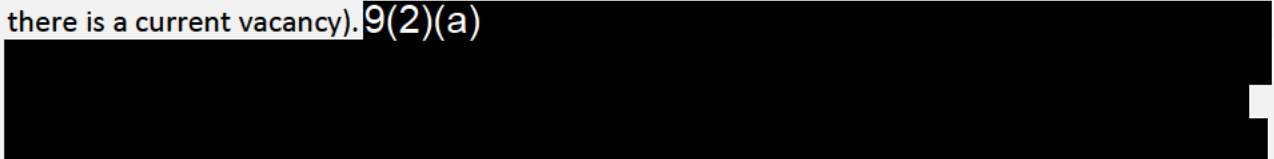


The TEC and the MoE will advise you further on these issues as part of the Budget 2025 process.

Making Ministerial appointments is a statutory function for you as Minister

As Minister for Universities, you have a statutory responsibility to appoint four members to the governing council of each of the eight universities. Up to 11 appointments are due for Ministerial consideration in 2025.

We intend to give early priority to appointments to the University of Waikato (where a member whose term ended in February 2024 continues to serve) and the University of Canterbury (where there is a current vacancy). 9(2)(a)



For all Ministerial appointments to university councils, you must consult with university chancellors before making any appointments, and they may recommend the reappointment of a current member or make other nominations for appointment. These recommendations are then considered by you alongside a shortlist of others (if any) from your colleagues and the nominating agencies. We will provide you with more detailed briefings on the Ministerial appointment process and timings in the coming weeks, and support your office to undertake consultation with your colleagues and the university chancellors in due course.

Part Three: New Zealand university sector

University of Auckland	Victoria University of Wellington
Auckland University of Technology	University of Canterbury
University of Waikato	Lincoln University
Massey University	University of Otago

We expect you will want to build an in-depth understanding of the university sector. This briefing provides a broad overview of New Zealand's universities and their operating environment. We can quickly respond to specific briefing requests you may have.

New Zealand's eight universities vary considerably in size, location, focus, and offerings. The largest is the University of Auckland, which had nearly 50,000 enrolled learners in 2024, a comprehensive range of subject offerings, a medical school, and a large commercialisation arm. The smallest is Lincoln University, a specialist agriculture provider which had fewer than 5,000 enrolled learners in 2024.

Despite this diversity, the core roles of each university are the same: teaching and learning, research, and community/end-user engagement. The Education and Training Act 2020 sets out their unique characteristics including the provision of research-led teaching and their roles in protecting academic freedom and acting as critic and conscience of society.

The university sector differs from the rest of the tertiary sector given its focus on research and research-led teaching. Around 75 percent of all university academic staff are research active, and universities are directly responsible for 25 percent of all research carried out in New Zealand.

Employment outcomes for university graduates at Level 7 and above are strong. These learners have lower job seeker rates, higher employment rates, and higher median earnings compared to people with lower or no qualifications.

With the exception of Lincoln University (Lincoln) – which focuses on land-based research and training – our universities are broad-based, offering generally the same mix of subject area teaching. There are some areas of specialisation (e.g. health sciences at the University of Otago (Otago) and the University of Auckland (Auckland)), however, except for Lincoln, none of them focus on subject-specific provision, instead presenting themselves as providers of research-led teaching across the range of subjects in a classical university model.

The universities have a strong sense of their unique offering in terms of how they teach, and the learners they aim to deliver. Massey University (Massey), Auckland University of Technology (AUT), the University of Waikato (Waikato) and Lincoln for example, have distinctly different learner demographics to the Auckland, Victoria University of Wellington (VUW), the University of Canterbury (UC), and Otago, with more older learners and more postgraduate students at Massey and Lincoln, more international students at Lincoln and Waikato, and more Māori and Pacific learners at AUT and Waikato. Massey is also distinctive in terms of its high proportion of

extramural provision. Another clear feature is a strong regional pull: the largest proportion of domestic first-year enrolments for all universities apart from Otago comes from their local regional catchment areas. The universities have a strong connection to their local region and its workforce.

Overall, universities enrolled around 180,000 learners in 2024, which equated to 137,751 EFTS and had a delivery value of \$1.5 billion. This was approximately 55% of all provider-based delivery. Total TEC funding to universities in 2024 was \$2.1 billion, which was also about 55% percent of funding.

Fund	2024 funding
Delivery at Levels 7 (degree) and above on the NZQCF	\$1,521,357,961
Performance-Based Research Fund	\$304,004,263
Fees Free	\$164,548,784
Centres of Research Excellence	\$49,800,000
DQ3-7 (non-degree) Delivery Component	\$24,751,535
Medical Intern Grants	\$14,664,428
Equity funding	\$12,405,959
Centres of Asia-Pacific Excellence*	\$5,000,000
National Centre for Tertiary Teaching Excellence	\$2,667,000
DQ3-7 (non-degree) Learner Component	\$1,740,304
Accelerating Learner Success Fund	\$1,290,200
Te Tahua o Te Reo Kairangi	\$981,600
English Language Teaching - ILN	\$940,963
Tertiary Teaching Awards	\$200,000
Refugee English Fund - ILN	\$112,035
TOTAL	\$2,104,465,032

*CAPES ceased 30 June 2024

Collectively, universities are one of New Zealand's largest employers with around 30,000 staff and annual revenue of around \$4.2 billion. As well as funding from the TEC, universities receive significant domestic and international tuition fees and research income from both government and non-government sources. Other income sources, at much smaller scale, can include for example philanthropy and IP-generated earnings.

Private tuition fees paid by international students are an important source of revenue for universities. Unlike domestic student fees, fees for international students aren't regulated by government and universities charge significantly higher rates. Universities have raised longstanding concerns that this international revenue is cross-subsidising the costs of domestic provision, which they argue is in some areas not sustainable based on domestic tuition subsidies.

The current tertiary funding system within which universities operate places a high premium on student choice and institutional autonomy by design. This means that the allocation of funding for teaching and learning is strongly linked to student decision-making and subsequent enrolments. As such, universities are not strongly incentivised to behave as a system as it is rational for them to prioritise achieving growth in their own enrolments, even if this is at the expense of other TEOs.

9(2)(f)(iv)

Autonomy and governance settings

Universities are Crown Entities and their governance arrangements and characteristics are defined under the Education and Training Act 2020. Legislative settings promote the importance of university autonomy, which differentiates them from other Crown Entities.

Each university has a Council made up of Ministerial and other elected appointees (including staff and student representatives). Each Council elects a Chancellor who acts as chair of the Council and is responsible for appointing and managing a Vice-Chancellor who acts as CEO of the institution. The TEC supports the Minister by providing advice on making Ministerial appointments and inducting new Council members.

Teaching and learning

Connection to labour market

Universities make a vital contribution to New Zealand's social and economic prosperity by providing skilled graduates for the labour market and through both transmitting and advancing knowledge via their teaching and research activity in a wide variety of fields.

Measuring the social and economic contribution of universities' teaching and learning activities is not straightforward. However, NZ post-study outcomes data shows that university graduates have higher employment rates and higher than median earnings compared to people with no or lower-level qualifications, with these benefits increasing further at postgraduate levels.

An important area for universities to deliver positive outcomes is through working closely with employers to understand their workforce needs and to support innovation. While there are many success stories, a perennial complaint from employers is that universities are hard to work with and can be distant from their needs. The TEC, often working with other government agencies, has been successful on numerous occasions in bringing university and industry representatives together to help improve system alignment and outcomes.

Learner success

The need for universities to do better for all learners has been a key focus in successive Tertiary Education Strategies. It is a key strategic focus for the TEC, including through engagement, capability support, and use of Investment Plans and funding levers. Many of the universities have engaged positively with the TEC over initiatives to improve learner success and each university puts significant effort into this area. However, there is still a need to see significant change in the sector to improve qualification completion rates for learner groups.

Universities have raised concerns that they see current Educational Performance Indicators (EPIs) as inadequate measures of teaching and learning. They have concerns about the lack of controls for prior educational experience and achievement when comparing EPI performance between TEOs. While there are opportunities to improve EPIs by adding in factors related to 'value add' or 'distance travelled', these criticisms are often overstated. As long as they are appropriately contextualised, e.g. by recognition of a TEO's specific learner cohort and business model, EPIs provide a robust, internationally comparable picture of learner achievement and can yield considerable insights for TEOs. In TEC's view, qualification completion in particular, remains a key indicator of system and TEO performance and is for the vast majority of university students, the primary driver of going to university.

While variation in successful achievement of qualifications by different learner groups is a cause for concern at our universities, NZ qualifications themselves are well-regarded and NZ universities are all highly ranked in the different global rankings. Quality assurance of universities is the responsibility of the Committee for University Academic Programmes (CUAP), which is a sub-committee of Universities NZ. While there are some criticisms of the CUAP process, these don't reflect concerns about the academic quality of programmes it approves but rather that the CUAP process is too slow and potentially inhibits innovation and responsiveness to learner and employer demand.

Research and research-led teaching

The Education Act notes the importance of both research and research-led teaching for NZ universities, which are defining characteristics of these TEOs. This connection is underscored by the design of the Performance-Based Research Fund (PBRF): TEOs are only eligible to choose to participate in the PBRF if they have an approved Investment Plan and receive TEC funding to deliver programmes at degree level and above.

Unlike the contestable funding administered by MBIE, the PBRF supports a TEO's research capability and research-led degree-level teaching rather than funding specific research projects.

Performance-Based Research Fund (PBRF)

Established in 2003, the purpose of the PBRF is to increase the quality of research by ensuring that excellent research in the tertiary education sector is encouraged and rewarded. This means assessing the research performance of tertiary education organisations (TEOs) and then funding them on the basis of their performance.

The TEC currently allocates \$315 million a year through the PBRF, which was last increased in 2018. All eight universities, New Zealand Institute of Skills and Technology, two Wānanga and eleven Private Training Establishments (PTEs) currently participate in the PBRF. Universities receive approximately 96% of total PBRF funding.

The PBRF has three separate components that provide different measures of research performance: the Quality Evaluation (QE) (55% of the fund); Research Degree Completions (RDCs) (25% of the fund) and External Research Income (ERI) (20% of the fund). Participation in the QE is compulsory for a TEO to receive funding from the other two components. The QE is usually assessed on a six-yearly cycle but RDCs and ERI are assessed annually.

Since the introduction of the PBRF, research quality as measured by the QE has more than doubled, alongside higher qualification completion rates for postgraduate research degrees, and growth in the share of world-indexed publications and citations. The results of the PBRF also feed into global rankings of our universities and New Zealand's international reputation for providing a high-quality educational experience.

Research quality as measured by the PBRF Quality Evaluation compares well with international benchmarks, but the validity of judgements made, and the intensive effort required is controversial. Funding for research is highly valued by the sector, but available funding is low by international standards and has not kept pace with rising costs or inflation.

Because of the inclusion of the PBRF in the UAG's scope, the Minister for Tertiary Education and Skills decided that QE 2026 would not go ahead. Prior to this, the QE was delayed by two years due to the impact of COVID-19. As a result of these delays, the TEC is currently funding TEOs based on the results of the 2018 QE, which were originally expected to be replaced by funding based on a new set of results from 2025 onwards.

Centres of Research Excellence (CoREs)

At \$50 million a year the CoREs fund is much smaller than DQ7+ and the PBRF but is highly valued by universities. Established in 2002, this Fund currently supports ten CoREs, which are cross-organisational specialist research clusters that give research critical mass in areas of demonstrated excellence.

To ensure that the highest standards of excellence are maintained, CoREs are selected based on an open application and assessment process that has been carried out for the TEC by Royal Society Te Apārangi. They are also subject to regular reporting and review. The next selection round is scheduled for 2028.

Research Commercialisation

All the universities have commercialisation offices, with Auckland's Uni Services being at the biggest scale with approx. \$100m annual turnover. As announced on 23 January, Cabinet has agreed that universities will shortly be required to adopt a national policy for managing Intellectual Property (IP) for science, innovation and technology-funded research. This new IP policy will be based on the model used by Canada's Waterloo University, which vests ownership of IP with the researchers who create it. 9(2)(f)(iv)

Universities are positioned at a significant crossover point between the Tertiary Education and Skills and the Science, Innovation, and Technology portfolios. As key public research institutions they receive a high proportion of the funding for contestable research administered through the Health Research Council, Marsden Fund, and Endeavour Fund.

Part Four: The Tertiary Education and Careers System and the TEC

The tertiary education and careers system is vital for New Zealand's productivity

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

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

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

The Tertiary Education Commission (the TEC) is a Crown agency established under the Crown Entities Act (2004) and we are governed by a Board of Commissioners appointed by and responsible to you as Minister. As a Crown entity we give effect to Government policy as directed by you.

We lead the Government's relationship with the tertiary education sector in New Zealand and have statutory responsibility for funding and monitoring all tertiary education organisations. In 2017 Careers New Zealand was merged into the TEC, expanding our responsibilities. We are New Zealand's lead careers agency and provide occupational and educational information to build links between schools, tertiary providers, employers, and communities, to ensure learners are ready for work and further study.

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

- › giving effect to the Government's Tertiary Education Strategy (TES) by funding tertiary education organisations, growing their capability and monitoring their performance.
- › collecting and providing information about study and work options.
- › providing information and services to help career seekers prepare to move to work or further study.
- › strengthening the connections from education to employment, and
- › advising the Minister on tertiary education organisations and sector performance and on the operational impact of policy.

We work closely with other entities in the New Zealand education system, including the Ministry of Education (which is responsible for setting strategic policy), and the New Zealand Qualifications Authority (which is responsible for quality assurance of the tertiary system).

The Tertiary Funding System

The TEC's investment in the tertiary education system is driven by the Tertiary Education Strategy which sets out the Government's current and medium-term priorities and long-term strategic direction for tertiary education. It is the vehicle for communicating the Government's vision for the system as a whole and the areas that it wishes to focus on in terms of its priorities.

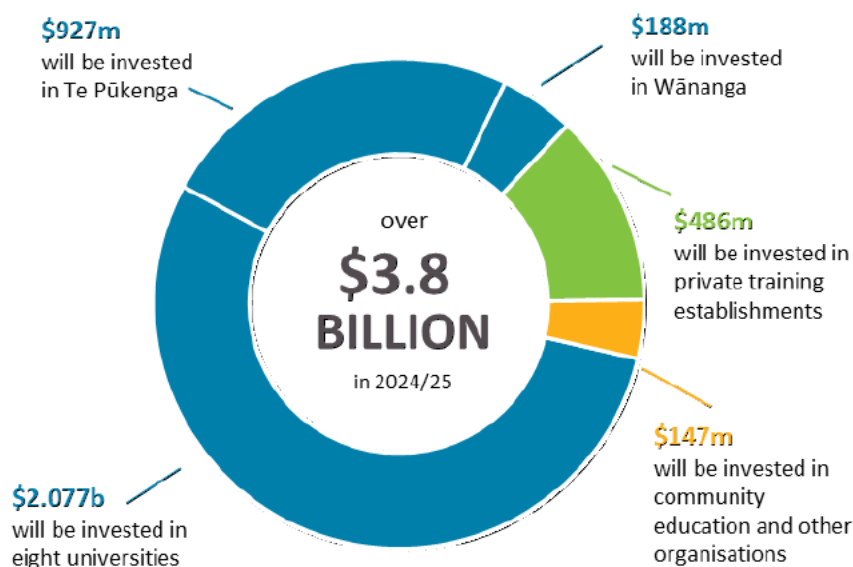
In 2023/24, the TEC invested over \$3.8 billion in the tertiary education and careers system. This supports more than 700 tertiary education organisations across New Zealand to provide all forms of post-secondary-school education, including foundation education, vocational education and training, and higher education (including research).

8 UNIVERSITIES
1 TE PŪKENGĀ
3 WĀNANGA

200
TEC-FUNDED
PRIVATE TRAINING
ESTABLISHMENTS

522
OTHER ORGANISATIONS
 (including other tertiary education providers, workforce development councils, adult and community providers, secondary schools and area schools)

TEC-funded tertiary education organisations 2024/25²



² Graphic reflects the current forecast of expenditure for 2024/25 based on TEC appropriations only. Actual expenditure is likely to vary as the TEC receives student data from tertiary education organisations.

The TEC is also the statutory monitor of New Zealand's public tertiary providers

The TEC is also responsible for monitoring the operation and long-term viability of New Zealand's public tertiary providers – universities, wānanga, and New Zealand Institute of Skills and Technology.

These institutions are Crown entities and form the core of New Zealand's public tertiary education system – meaning a risk to their operation or viability presents both a fiscal risk to the Crown and a risk to New Zealand's public network of tertiary education.

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

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

The TEC is New Zealand's lead careers agency

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.

We do this through providing a suite of information and tools to support career decisions, ensuring linkages with our investment function, and partnering with agencies and communities to improve career outcomes.

As leader of the careers system, it is the TEC's responsibility to coordinate and lead the cross-agency implementation of the National Careers System Strategy. The TEC will also continue to develop the new career website, Tahatū Career Navigator (planned for launch to all New Zealand secondary schools in Term 1) and deliver the Inspiring the Future programme.

The TEC's education, training and career pathways support improved learner outcomes and more productive economy

To ensure all learners receive the support they need to succeed in education, the TEC works with tertiary education organisations to create education environments that are learner-centred and where more of our learners, especially our most disadvantaged learners, can succeed.

We use a suite of levers to support the changes needed across the sector to enable learner success. Our four key levers are:

- › Investment - to provide the right incentives to all parts of the system to focus on the needs of learners.

- › Monitoring - targeted and meaningful that provides rewards for strong performance and consequences for poor tertiary education organisation performance.
- › Careers information and tools - to redress the information imbalance in the system and allow learners and their whānau to make the best education choices.
- › The TEC's internal capability – this continues to shift to ensure we lead by example and ensure the Crown, learners and their communities are getting good value for money from their tertiary education.

Learner success is part of the Investment process, the TEC has recently made a requirement that all large tertiary providers, including universities, produce Learner Success Plans (LSPs) and Disability Action Plans (DAPs). These plans detail how the organisation will increase retention and achievement for their learners.

We use these plans to inform funding decisions and to actively monitor progress against commitments and hold organisations to account. Through this requirement we are sending a strong signal that delivering better educational outcomes for learners is fundamental to our investment.

The Tertiary Education Strategy

A key function of the TEC is to give effect to the Tertiary Education Strategy (TES). The TES is periodically developed by the Minister(s) with responsibility for tertiary education. The current TES was developed by the previous government and sets out the long-term strategic direction for tertiary education, including economic, social, and environmental goals, and the development aspirations of Māori and other population groups.

The current TES is built on five objectives for education, which outlines where we are focused to improve outcomes and wellbeing across the education system:

- › barrier-free access
- › learners at the centre
- › quality teaching and leadership
- › future of learning and work
- › world-class inclusive public education.

Our approach

The TEC is required by the Education and Training Act 2020 to give effect to the Tertiary Education Strategy (TES). Our organisational approach is therefore built around shaping a system that responds to, and meets the needs of, learners, employers, and communities. The strategy aims to ensure New Zealand's tertiary education and careers system respond to and meet people's needs for skills, knowledge and confidence to build fulfilling lives.

Our Purpose

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

We need a system that enables every person in New Zealand to acquire the skills and knowledge they need to advance their wellbeing through education and employment.

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

Our Vision

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

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

Fiscal savings update and financial sustainability

In the recent Budget 2024 savings process, the TEC contributed a 6% baseline saving, equating to operational savings of \$14.9m over four years via permanent reductions to its funding of \$3.7m per annum. Given our prudent approach to financial management, the TEC also took out an additional 5% from its budget (not its operating baseline) to be able to manage forecast cost pressures over the coming four years. These pressures included forecast salary increases and a 20% increase in rent, the latter of which has since been realised. The combined 11% saving entailed a reduction of 25 FTE staff and multiple non-staff related cost savings such as significantly reducing the TEC office footprint in Wellington. In total these savings amounted to \$27.5 million over four years.

The TEC proactively manages its financial sustainability using a five-year strategic financial plan. This plan ensures the TEC constantly reviews its cost base so it can effectively and efficiently deliver on its core functions. For several years the TEC has been actively reducing its cost base by finding efficiencies in key discretionary areas including travel, consultants, contractors, training, facilities, and technology costs. As a result, there are very limited options for further reductions in these areas and any further savings will now need to focus on FTE's. Due to small teams within the TEC, any further reductions put additional burden on those remaining staff and increase the delivery risk of critical business functions.

The TEC, Te Tiriti o Waitangi and Crown Māori relationships

Section 4 of the Education and Training Act 2020 states that the purpose of the Act is to establish and regulate an education system that honours Te Tiriti o Waitangi and supports Māori-Crown relationships. The Act sets a clearer standard for Te Tiriti o Waitangi than previous social policy

legislation. It provides a great emphasis on 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.

Part Five: How we work with you

The TEC Board of Commissioners

As a Crown entity we are governed by a Board of Commissioners, whom you appoint. The TEC Board currently has seven members (profiled in Appendix A). You can influence the direction of the TEC through your appointments to our Board.

The TEC Board:

- › sets our strategic direction, makes decisions about funding allocations and provides guidance on our operations
- › monitors the performance of the Chief Executive and the organisation, and
- › oversees management of strategic risk.

The TEC welcomes the opportunity to meet with you and discuss in more detail the matters raised in this briefing, as well as any matters you wish to raise with us. While your primary relationship with the TEC is through the Board Chair, the Chief Executive, Deputy Chief Executives, subject matter experts are available to meet with you regularly to keep you informed on the work we are doing. In the past, we have also met with the Minister alongside our education agency colleagues, over to you on how you would like to manage this.

Chief Executive and Executive Leadership Team

Tim Fowler was appointed to the role of Chief Executive in 2013. The Chief Executive is supported by the Executive Leadership Team, which currently comprises five Deputy Chief Executives (profiled in Appendix A).

Monitoring of TEC performance

The Ministry of Education (MoE) leads the monitoring of the TEC's finances and performance on your behalf.

The MoE ensure your priorities and directions for the education sector and the outputs you purchase from the TEC are properly reflected in the TEC's governance and accountability documents. They also provide you with assurance that the TEC is meeting its public accountability obligations, such as publishing a Statement of Intent, Statement of Performance Expectations and Annual Report.

The starting point in the TEC's planning cycle is your Letter of Expectations. The Letter of Expectations outlines your key priorities and expectations for the forthcoming year. This is prepared by MoE, with the TEC's involvement.

The TEC reports quarterly to you against its Statement of Performance Expectations. These reports inform you about financial, strategic and operational progress over the quarter.

Our tertiary education learners

In 2023 there were

448,765

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

TEC-funded learners²

59%
EUROPEAN

21%
MĀORI

18%
ASIAN

10%
PACIFIC PEOPLE

3%
MIDDLE EASTERN,
LATIN AMERICAN,
AFRICAN
(Learners can identify as
more than one ethnicity)



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 (448,765), and aggregated percentage values may exceed 100% of the total percentage.

3. Data based on the Single Data Return.

66% of learners studied or trained in these five regions²

29%

AUCKLAND

8%

WAIKATO

12%

WELLINGTON

12%

CANTERBURY

6%

OTAGO



20%

OF LEARNERS STUDIED
AT LEAST ONE COURSE
EXTRAMURALLY



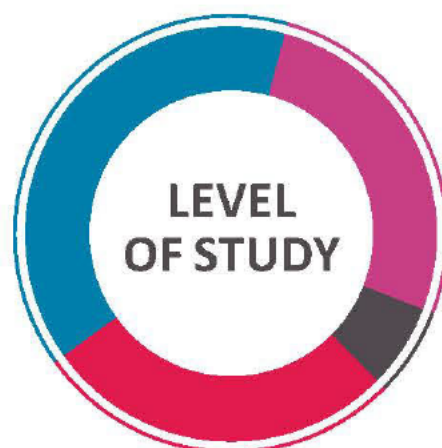
Learners studied and trained at these levels²

41%

HIGHER EDUCATION
(LEVELS 7 DEGREE
AND ABOVE)

29%

VOCATIONAL EDUCATION:
PROVIDER-BASED
(LEVELS 3 TO 7 NON-DEGREE)



28%

VOCATIONAL EDUCATION:
WORK-BASED
(ALL INDUSTRY TRAINING)

7%

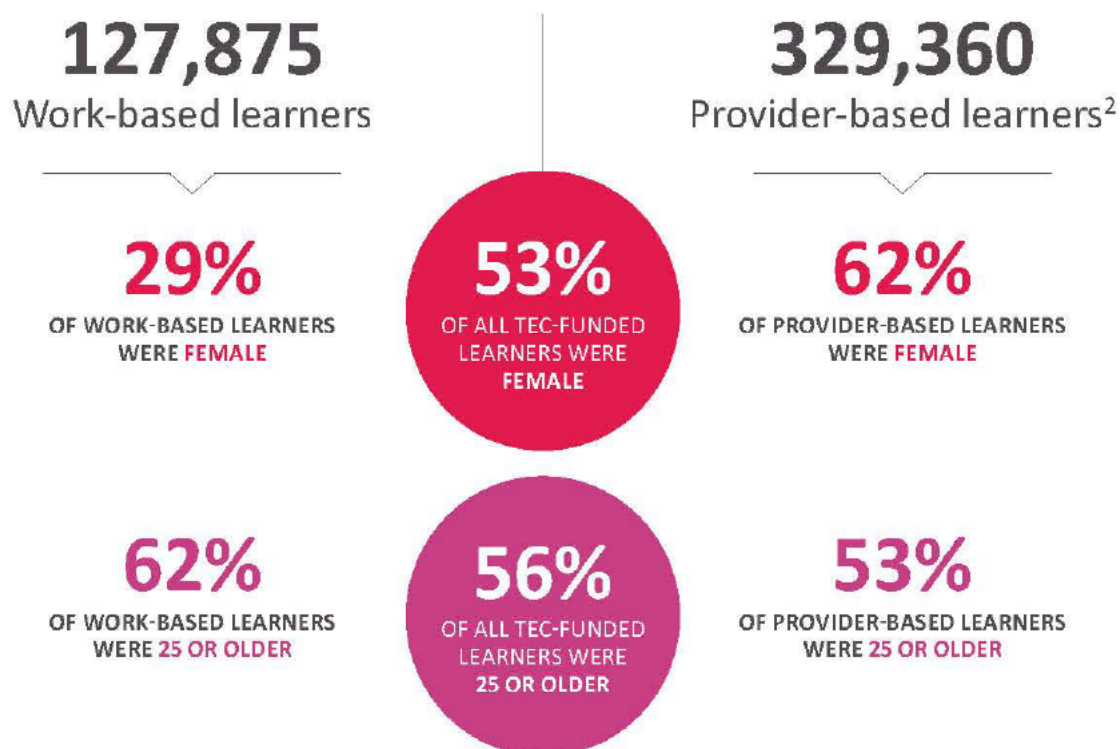
FOUNDATIONAL
EDUCATION

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

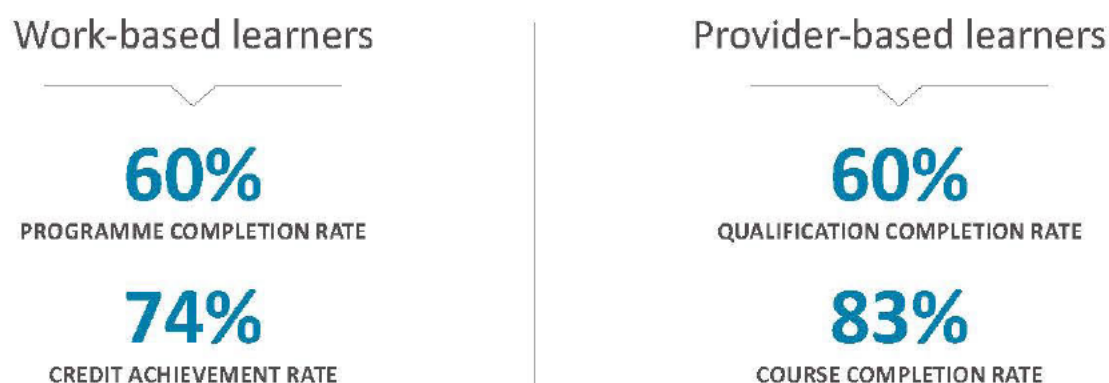
2. Learners can be counted more than once when they are reported in more than one category. Therefore, the sum of learner numbers in individual categories may exceed the total number of TEC-funded learners (448,765), and aggregated percentage values may exceed 100% of the total percentage.

3. Data based on the Single Data Return.

TEC-funded learners included



Achievement rates for TEC-funded learners completing their study and training in 2023¹



As well as TEC-funded learners, there were **39,960** provider-based international fee-paying learners. **86%** of these international learners were from Asia³

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 (448,765), and aggregated percentage values may exceed 100% or the total percentage.

3. Data based on the Single Data Return.

Appendix A: The TEC Board and Executive Leadership Team

The TEC Board of Commissioners



Dr Wayne Ngata (Acting Chair)

Ngāti Ira, Ngāti Porou, Te Aitanga a Hauiti

Wayne joined the Board in November 2019 and in 2023 was appointed Deputy Chair. His wealth of experience gives strength to our equity focus and integrates te ao Māori and mātauranga Māori into the TEC's governance processes, particularly in honouring the principles of Te Tiriti o Waitangi partnership.

Wayne is a strong supporter of the revitalisation of te reo Māori and education models that are underpinned by Māori processes. He has had a number of academic, management or governance roles particularly as Chair of Te Taumata Aronui (MoE) and Te Pae Roa and is the current chair of the Ministerial Advisory Group Māori Education supporting Minister Stanford.

Raised in the Tairāwhiti, Wayne resides in Ūawa (Tolaga Bay). He is a specialist in Māori literature, specifically mōteatea, and a long-time practitioner, composer and advocate for haka. Wayne is also a practitioner and active supporter of waka hourua navigation and voyaging and is currently secretary of Te Hau Kōmaru National Waka Hourua Charitable Trust. He was invested as a Member of the New Zealand Order of Merit in 2020 in recognition of his continuous contribution to Māori and education.



Dr Alastair MacCormick

Commissioner, Chair Whatitata Whakau – Risk and Assurance Committee

The TEC's longest serving Commissioner, Alastair was first appointed to the TEC Board of Commissioners in May 2017 and was appointed as Chair of the Whatitata Whakau – Risk and Assurance Committee in August 2017.

Alastair is an Emeritus Professor of the University of Auckland. He holds a Doctorate in Management Science from Yale University and an MCom in Economics and a BSc in Mathematics and Physics from Auckland. For a decade he was Dean of Business and Economics and subsequently Deputy Vice-Chancellor (Academic) at the University of Auckland.

Alastair also served over nine years on the Grants Committee of Callaghan Innovation for the Government support of private sector R&D and is a professional director with global experience in public, private and listed companies.

Alastair's generosity with his time and expertise is demonstrated in his role as Chair of the Board of Trustees of the Elizabeth Knox Home and Hospital (a voluntary role which Alastair has held for almost 40 years), along with founding the New Zealand Education and Scholarship Trust in 1991. He has also spent 14 years on the Board of Trustees for Auckland Grammar School, serving as Chair of the Board for six years.

Alastair was awarded a Companion of the New Zealand Order of Merit in The Queen's Birthday and Platinum Jubilee Honours for services to tertiary education and the community.



Kirk Hope

Commissioner

Appointed in November 2019, Kirk brings strong current business sector knowledge to the TEC Board table. Kirk is the Chief Executive of the Financial Services Council. Previously, Kirk was the Chief Executive of BusinessNZ, New Zealand's largest business advocacy group with approximately 80,000 business connections.

Kirk brings more than his knowledge and understanding of business to the TEC. He has held the positions of CEO of the New Zealand Bankers' Association and Executive Director of the Financial Services Federation, along with several executive positions in both the government and banking industries.



Samuelu Sefuiva

Commissioner, Chair Ohu Tangata – People and Culture Committee

Joining the Board in 2023, Sam has over 30 years' experience in public policy, strategic and business advice, cultural and economic development and executive leadership. Sam has a strong professional and personal interest in the Pacific region particularly in human rights, social enterprise and public policy.

Sam has mentored, led and facilitated senior executives in Australia, New Zealand and the Pacific in improving international, regional and domestic non-government and community enterprise environments. His strengths are in high level policy advice and relations, strategic thinking, business planning and facilitation.

Currently his leadership roles include Mana Whakapai-AMPTI (consortium) Manager, Auckland Māori and Pasifika Trades Training Initiative; Trustee, Digital Wings Trust; and Trustee Black Grace (Dance) Trust. Previously Sam was Chief Advisor to the Race Relations Commissioner at the NZ Human Rights Commission.



Deidre Shea

Commissioner

Commissioned in 2023, Deidre received her Member of the New Zealand Order of Merit in the 2022 Queen's Birthday honours for services to Education.

Deidre held leadership roles with Onehunga High School (OHS) from 1995 and was Principal from 2007 until 2022. Her leadership extended to the Auckland Secondary School Principals' Association from 2008 to 2015 and the Secondary Principals' Association of New Zealand (SPANZ) from 2014 to 2023. She was President of SPANZ from 2019 to 2021, leading through numerous challenges including the COVID-19 pandemic.

Deidre is committed to excellent, lifelong educational opportunities for all. She has overseen the establishment of a Construction School at OHS in 2005, followed by a Services Academy in 2007 and later a Health Science Academy. OHS operates the nation's largest school-based Adult and Community Education programme.

Deidre has chaired Te Hikoi (formerly the AIMHI Alternative Education consortium) for the past decade and was previously the chair of the NCEA Professional Advisory Group for the Minister of Education.



Bharat Guha

Commissioner

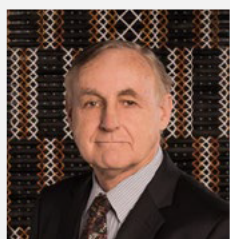
Bharat Guha is the current Chief Financial Officer (CFO) for the Invercargill Licensing Trust. He is a chartered accountant with extensive experience in the education and hospitality sector.

Bharat has held numerous senior positions as CEO, Deputy CEO and CFO in different New Zealand and overseas organisations. Before the COVID-19 pandemic, Bharat was based in London, working as the Group CFO for an LSE-listed company with branches in the UK, Malaysia, Singapore and Nepal.

Bharat was recognised as a Fellow of the Australia New Zealand Chartered Accountants for his financial work on the Zero Fee Scheme for the Southern Institute of Technology. In addition, he has developed and led successful government–private tertiary institution partnerships for attracting international students to New Zealand.

Bharat is a graduate of the University of Otago, undertaking a Bachelor of Commerce (Accounting and Information Systems) and a Master in Business Administration. He also completed the Executive Leadership Programme at Oxford University and the Southland Leadership Academy.

Bharat is committed and passionate about ensuring the future growth of tertiary education in New Zealand.



Alan Bollard

Commissioner

Alan Bollard is Chair of the New Zealand Portrait Gallery. He is New Zealand Governor of the Economic Research Institute for ASEAN and East Asia, a Director of China Construction Bank (NZ), and Chair of the New Zealand Pacific Economic Cooperation Council. He has been Chair of the New Zealand Infrastructure Commission, Professor of Pacific Region Business at Te Herenga Waka – Victoria University of Wellington, and Chair of the Centres for Asia-Pacific Excellence.

Alan was the Director of the New Zealand Institute of Economic Research from 1987 to 1994, Chair of the New Zealand Commerce Commission from 1994 to 1998, and the Secretary to the Treasury between 1998 and 2020. From 2002 to 2012, he was the Governor of the Reserve Bank of New Zealand. He was the Executive Director of the Asia-Pacific Economic Cooperation (APEC) in Singapore from 2012 to 2018.

Alan has published a number of economics and popular books. He is a Companion of the New Zealand Order of Merit, a Fellow of Royal Society Te Apārangi, and has honorary doctorate degrees from the University of Auckland and Massey University.

The TEC Executive Leadership Team



Tim Fowler

Chief Executive

Tim has been our Chief Executive since April 2013. He was previously Deputy Chief Executive, Quality Assurance at the New Zealand Qualifications Authority. Tim has held leadership positions in Australia and New Zealand in both the private and university sectors, after starting his career in the Department of Prime Minister and Cabinet.

Tim has an Honours Degree from Victoria University of Wellington, a Masters from the East-West Center and the University of Hawaii, and executive education from INSEAD and the Wharton School at the University of Pennsylvania.



Gillian Dudgeon

Deputy Chief Executive, Delivery Directorate

As Deputy Chief Executive of our Delivery Directorate, Gillian oversees our customer-facing unit, and leads the teams responsible for implementation and delivery of our products and services, relationship management, negotiation, performance management and monitoring.

Gillian joined the TEC in July 2018. Prior to this she spent four years with the Earthquake Commission as their Chief Risk Officer and led the Internal Partners team. She has also held executive roles at ANZ and the National Bank across customer-facing, product management, IT and risk management teams.



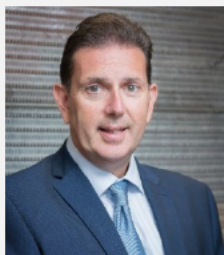
Morgan Healey

Deputy Chief Executive, Ōritetanga Learner Success Directorate

Morgan has been our Manager Ōritetanga Learner Success since November 2019 and was appointed DCE in September 2024. The team is responsible for supporting the TEC and the sector to deliver system-level improvements in participation and performance for all learners.

Since completing her PhD in 2010, Morgan has spent the majority of her professional career at the TEC, working in a variety of roles: from working with the institutes of technology and polytechnics and wānanga sector, to implementing the Tertiary Education Strategy and delivering the 2018 PBRF Quality Evaluation.

Morgan briefly worked in the non-profit sector in the US, where her work focused on how social needs, like food and housing insecurity, should be considered a part of basic healthcare.



John Soulis

Deputy Chief Executive, Corporate and Finance Directorate

As our Deputy Chief Executive Corporate and Finance, John has oversight of a large financial management function. His team co-ordinates and manages TEC human resources, organisational planning and performance, project management and accountability documents including the Statement of Intent and Annual Report.

John joined the TEC in 2016 from the Ministry of Business Innovation and Employment (MBIE), where he was the Manager of the Strategic Finance team and Capital Portfolio Office for three years. He developed MBIE's first Strategic Financial Plan, which was the basis for forecasting the Ministry's financial position.

A CA qualified accountant, John has over 30 years' experience in financial services, banking and telecommunications.



Mathew Pawley

Deputy Chief Executive, Information Directorate

Mathew joined the TEC from the tertiary sector where he was Executive Director – Digital Services and Enterprise Projects at the Open Polytechnic of New Zealand. His area of responsibility included courseware development, IT service operations, applications development, infrastructure provision and Enterprise Project delivery for the Open Polytechnic's 450 staff and over 32,000 customers.

Mathew has a good understanding of the importance and complexities of the information needs of the tertiary sector in New Zealand. He is passionate about education and contributing to the TEC's vision of a resilient, prosperous New Zealand.



Nina Ive

Deputy Chief Executive, Careers and Investment Design Directorate

Nina has spent the last 20 years working across a full range of business environments in New Zealand, the United States and Europe. She has been the brand champion for many of New Zealand's most well-known brands including Mainland Cheese, Fisher & Paykel Healthcare and Wellington's own Snapper.

Nina joined the TEC in 2018 and is Deputy Chief Executive of the Careers and Investment Design Directorate. Careers and Investment Design is responsible for developing strategies, initiatives and policies to enable the organisation to meet its goals in the areas of careers and investment. The Directorate develops the interventions and plans off those strategies, then markets and communicates the integrated view of what the TEC wants to achieve.