



Education Report: Ministry of Education 2020/21 Second Quarter Report (1 October to 31 December 2020)

To:	Hon Chris Hipkins, Minister of Education		
Date:	12 March 2021	Priority:	Low
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

The paper provides a quarterly update on Ministry performance with financial and non-financial performance reporting against agreed 2020/21 Budget standards and seeks approval to change some measures through the Supplementary Estimates.

Summary

1. The attached Ministry of Education 2020/21 Second Quarter Report (Appendix A) provides a narrative report on progress, framed in terms of how the work has contributed to the Government's five objectives. It shows how we progressed work to deliver on the objectives and includes financial and non-financial performance reporting against agreed budget standards for 2020/21.
2. At 31 December 2020, we were on track to achieve the majority of our performance measures. Reporting is on an exceptions basis with explanations on variances for those measures that are not on track set out on pages 7 to 10 and 15.
3. The financial results for the year to 31 December 2020 show:
 - a. total Vote Education expenditure was \$118.3 million (1.6%) under budget
 - b. for Vote Tertiary Education, the position is more complex due to the funding guarantee offered to providers in 2020. In real terms, there is a 6% variance for the year to date.
4. The report also seek approval for some additional/revised measures for 2020/21.

Recommended Actions

The Ministry of Education recommends you:

- a. **note** the attached Ministry of Education 2020/21 Second Quarter Report (Appendix A) which provides:
- i. reporting on progress against the Ministry's work priorities and contribution to the Government's five objectives for education
 - ii. exceptions reporting on Vote Education and Vote Tertiary Education performance measures
 - iii. an update on the Vote Education and Vote Tertiary Education financial position as at 31 December 2020

Noted

- b. **approve** the additional/revised measures for 2020/21 set out in paragraphs 13 to 14 by 22 March 2021 for updating through the Supplementary Estimates

Approved

- c. **forward** the report to your Associate Ministers of Education, for their information

Agree / Disagree

- d. **agree** to the proactive release of this report and its attachments.

Release Not release



Emily Fabling
Deputy Secretary
Strategy, Planning and Governance
Ministry of Education

12/03/2021



Hon Chris Hipkins
Minister of Education

21/3/21

I'd like to do a line by line review of the performance measures before they are finalised for Budget 2021. CH

Background

1. This report provides a record of performance for the second quarter of 2020/21 and highlights any key issues or opportunities for discussion. Performance measures are reported on an exceptions basis with explanations on variances only for those measures that are not on track.
2. We are usually asked to provide copies of the quarterly report to Select Committee as part of the Annual Review process and it is intended that the document is proactively released.
3. Our 2020/21 Second Quarter Report as set out in Appendix A provides an update on:
 - a. progress against the Ministry's work priorities and contribution to the Government's five objectives for education (pages 3 to 6). This narrative shows how we are progressing work to deliver on the objectives
 - b. Vote Education (pages 7 to 10) and Vote Tertiary Education (page 15) performance measures, reporting on an exceptions basis
 - c. Departmental and non-departmental expenditure to 31 December 2020 for Vote Education (pages 11 to 14) and Vote Tertiary Education (pages 15 to 17).

Quarterly Performance Information

Work programme highlights

4. During the quarter, the Ministry supported the sector to respond to **the impacts of COVID-19** by:
 - a. providing funding to support schools to manage the immediate costs of COVID-19
 - b. supporting Pacific students' learning needs through delivering the Pacific Education Support and Innovation Funds, which allocated funds to community groups, early learning services and schools
 - c. launching a counselling and support service to support the Auckland education workforce
 - d. progressing the International Education Strategic Recovery Plan to help stabilise New Zealand's international education sector.
5. We continued taking steps to address the ongoing issue of **attendance** by:
 - a. contracting for the expanded Ka Ora, Ka Ako | Healthy School Lunch Programme
 - b. distributing the Urgent Response Fund funding to support children and young people's attendance, re-engagement with learning, and wellbeing
 - c. recruiting Curriculum Leads to provide frontline support for curriculum and student wellbeing.
6. Building **educationally powerful connections** between teachers, parents and their communities remained a top priority for us, and we advanced this approach by:
 - a. rolling out Te Hurihanganui
 - b. helping whānau reconnect with education services
 - c. restarting face-to-face Talanoa Ako sessions in Auckland centres.
7. We also continued to **progress the Government's five objectives for education**, with the following key highlights:
 - a. publishing an integrated Statement of National Education and Learning Priorities and the Tertiary Education Strategy to set out the priorities that will ensure the success and wellbeing of all our learners

- b. reducing the average number of days eligible children and young people wait to receive support from the Early Intervention Service
- c. implementing the landmark Teacher Aide Pay Equity Claim to address gender-based discrimination in the education workforce
- d. completing 477 school upgrade projects through the School Investment Package.

Performance measures

8. The majority of Estimates performance measures are on track, with seven Vote Education measures, out of a total of 121 measures, at risk of not being achieved at year end. The Vote Tertiary Education measures are on track for year end.
9. The measures currently at risk are a mix of Departmental and Non-departmental measures summarised in the following table:

Measures at risk at year end	
Departmental	Non-departmental
<ul style="list-style-type: none"> participation in primary and secondary education: the percentage of students attending school regularly (two overall measures) 	<ul style="list-style-type: none"> students attending primary school regularly (three measures with equity breakdown) timeliness of Teaching Council Disciplinary Tribunal decisions (one measure) children exiting from Reading Recovery (one measure).

10. The decline from 2015 to 2019 in regular attendance suggests that there are systemic (rather than one-off) barriers to attendance. Non-attendance is a complex issue and usually has multiple causes, therefore tackling non-attendance is rarely done in isolation. There is collective responsibility for improving attendance and this involves ākonga, whānau, schools, and the Ministry as noted on pages 3 and 7 of the report.
11. We are making a number of improvements to our attendance data collection and reporting, with changes planned for 2021/22. We will provide a briefing later in March detailing proposed changes to 2021/22 Estimates measures for your approval, prior to incorporation in the Main Estimates.

Financial reporting

12. Total expenditure for the year to 31 December 2020 was:
 - a. \$118.3 million (1.6%) under budget for Vote Education, mainly due to underspends in primary and secondary education, improved quality teaching and learning, learning support, and education providers with COVID-19-related losses of income
 - b. \$109.0 million under budget for Vote Tertiary Education, mainly due to underspends for fees-free payments and delayed establishment of Workforce Development Councils. This is an accounting treatment only and does not reflect the real position.

Updating measures for 2020/21

13. Budget and other fiscal decisions in 2020 have **added appropriations or categories within appropriations for 2020/21** for Vote Tertiary Education, which need supporting performance measures for year-end reporting. To ensure monitoring and reporting processes are put in place, we are seeking your approval for the following measures for 2020/21, which will be updated through the Supplementary Estimates:

Appropriation and scope statement	Proposed Intention Statement and Measures
Support for a Single National Vocational Education Institute	Intention Statement: This appropriation is intended to enable the New Zealand Institute of Skills and Technology (Te Pūkenga) to establish and build the core infrastructure to deliver an integrated and collaborative network of

<p><i>(Appropriation – Non-Departmental Capital Expenditure)</i></p> <p>This appropriation is limited to capital injections for a single national vocational education institute.</p>	<p>vocational education, including to support the sustainability of its subsidiary entities.</p> <p>Proposed performance measure: Te Pūkenga submits reports that show it is meeting the targets and milestones in its funding agreement with the Crown.</p> <p>Budget Standard: Achieved</p> <p>End of year performance reporting: Performance information for this appropriation will be reported by Te Pūkenga in its annual report.</p>
<p>Explanation: This funding was agreed as part of the Reform of Vocational Education: Further Investment in the New Zealand Institute of Skills and Technology [CBC-20-MIN-0067 refers].</p>	
<p>Careers System Online: Tiro Whetu</p> <p><i>Appropriation – Non-Departmental Capital Expenditure</i></p> <p>This appropriation is limited to the development and delivery of an online careers planning tool by the Tertiary Education Commission.</p>	<p>Intention Statement: This appropriation is intended to support New Zealanders to have a personalised lifelong career plan, to help them easily understand and navigate career options and learning pathways throughout their lives.</p> <p>Proposed performance measure: The online careers planning tool for secondary schools is developed and ready for testing.</p> <p>Budget Standard: Achieved</p> <p>End of year performance reporting: Performance information for this appropriation will be reported by the Tertiary Education Commission in its annual report</p>
<p>Explanation: This funding was agreed as part of the COVID-19: Response and Recovery Fund Foundation Package: Vote Tertiary Education [CAB-20-MIN-0219.27; Initiative No: 12665].</p>	
<p>Workforce Development Councils</p> <p><i>Appropriation – Non-Departmental Output Expenses</i></p> <p>This appropriation is limited to the expenses incurred on Workforce Development Councils setting up their organisations and performing their statutory functions.</p>	<p>Intention Statement: This appropriation is intended to enable Workforce Development Councils to provide a clear industry and workplace voice to the vocational education and training system.</p> <p>Proposed performance measure: Councils with an approved Establishment Plan by 30 June 2021.</p> <p>Budget Standard: Achieved</p> <p>End of year performance reporting: Performance information for this appropriation will be reported by the Tertiary Education Commission in its annual report.</p>
<p>Explanation: This funding was agreed as part of the COVID-19: Response and Recovery Fund Foundation Package: Vote Tertiary Education [CAB-20-MIN-0219.27; Initiative No: 12661]. This measure was included in the TEC Statement of Performance Expectations for 2020/21.</p>	
<p>Support for Private Training Establishments of Strategic Importance</p> <p><i>Appropriation – Non-Departmental Output Expenses</i></p> <p>This appropriation is limited to support for Private Training Establishments which offer international education delivery and are of strategic importance to New Zealand.</p>	<p>Intention Statement: This appropriation is intended to support and facilitate the recovery of international education.</p> <p>Proposed performance measure: Final reports from the Private Training Establishments indicate funds have been spent as set out in their funding outcome letters.</p> <p>Budget Standard: Achieved</p> <p>End of year performance reporting: Performance information for this appropriation will be reported by the Tertiary Education Commission in its annual report.</p>
<p>Explanation: This funding was agreed as part of the COVID-19: Response and Recovery Fund July Package: Vote Tertiary Education [CAB-20-MIN-0328.22; Initiative No: 12946].</p>	

Appropriation and scope statement	Proposed Intention Statement and Measures
<p>Support for Te Wānanga o Raukawa (<i>Appropriation – Non-Departmental Other Expense</i>)</p> <p>This appropriation is limited to payments to Te Wānanga o Raukawa to support the resolution of WAI 2698.</p>	<p>Intention Statement: This appropriation is intended to ensure progress towards resolving concerns raised in the Te Wānanga o Raukawa Whakatupu Mātauranga (WAI 2698) claim.</p> <p>Proposed performance measure: Te Wānanga o Raukawa provides an annual report on the use of this funding to the Tertiary Education Commission.</p> <p>Budget Standard: Achieved</p> <p>End of year performance reporting: Performance information for this appropriation will be reported by the Tertiary Education Commission.</p>
<p>Explanation: This funding was agreed by Joint Ministers [METIS 1236193 refers], with the funding drawn down from the Wānanga Research Aspirations contingency set aside in Budget 2018 [CAB-18-MIN-158.29 refers].</p>	

14. The Ministry is also seeking your approval to **update some measures in Vote Education** as set out below.

a. Changing the NCEA Level 2 measure from 18 year olds to school leavers

The 18 year olds measure was created as a Better Public Service measure. Referring to 'school leavers' is a more appropriate measure for the outcomes of secondary education. The 18 year olds measure includes learners attaining NCEA Level 2 by way of tertiary education in the count of 'senior secondary' achievements and could be seen as inflating the results.

Updated Performance Measures		Budget Standard	Group
Primary and Secondary Education MCA			
Performance Measure		Budget Standard	Group
Discontinued measures	Percentage of 18 year olds with NCEA Level 2 or equivalent:		ELSA (EDK data provider)
	• all	Improve on previous year's result	
	• Māori	Improve on previous year's result	
	• Pacific.	Improve on previous year's result	
Replacement measures	Percentage of school leavers with NCEA Level 2 or equivalent:		ELSA (EDK data provider)
	• all	Improve on previous year's result	
	• Māori	Improve on previous year's result	
	• Pacific.	Improve on previous year's result	
Indicator [The following information is an indication of expected numbers and is provided for context only.]		Forecast 2020/21	
Discontinued indicators	Number of 18 year olds with NCEA Level 2 or equivalent (see Note 17)		ELSA (EDK data provider)
	• all	Not available	
	• Māori	Not available	
	• Pacific.	Not available	
Replacement indicators	Percentage of school leavers with NCEA Level 2 or equivalent:		ELSA (EDK)
	• all		

	<ul style="list-style-type: none"> • Māori 		data provider)
	<ul style="list-style-type: none"> • Pacific. 		

b. Updating the target for the school lunch programme

This change reflects Joint Ministers' decisions to expand the Free and Healthy School Lunch Programme to an additional 190,000 students [METIS 1234450 refers].

Performance Measure	Budget Standard	Group
Outcomes for Target Student Groups MCA		
School Lunch Programme (Non-Departmental Output Expense)		
Number of students provided free and healthy lunches.	Changed from 21,000 to 211,000	SE&S

c. Adding a new measure for NZQA online

This new measure supports additional funding received for NZQA online [CAB-20-MIN-0219.09; Initiative No: 12662].

New Performance Measure	Budget Standard	Group
Oversight and Administration of the Qualifications System (MCA)		
Secondary School Assessments (Appropriation – Non-Departmental Output Expenses)		
The percentage of NCEA examinations available in a digital mode (see Note 1).	60%	NZQA
Note 1 - Availability in a digital mode means the examination has the same content as the equivalent paper-based examination.		

Enclosures: Appendix A: Ministry of Education 2020/21 Second Quarter Report

Ministry of Education

Performance Report

For the second quarter ending
31 December 2020

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Purpose of the report

The report provides the Minister of Education with a quarterly update on financial and non-financial performance against agreed budget standards. Reporting is framed in terms of how the work has contributed to the Government's five objectives for education:

- **Learners at the centre:** Learners with their whānau are at the centre of education
- **Barrier-free access:** Great education opportunities and outcomes are within reach for every learner
- **Quality teaching and leadership:** Quality teaching and leadership makes the difference for learners and their whānau
- **Future learning and work:** Learning that is relevant to the lives of New Zealanders today and throughout their lives
- **World class inclusive public education:** New Zealand education is trusted and sustainable.

The report also provides updates on building Ministry capability.

Non-financial performance reporting is on an **exceptions basis only**. The majority of the performance measures are on track.



Delivering on the Ministry's work programme

Overview of Achievements

Responding to COVID-19

Although COVID-19 had been effectively contained earlier in the year, the second quarter continued to be dominated by the ongoing response to and recovery from the pandemic. Through our joint response to COVID-19 with early learning services, schools | kura and tertiary providers, we learned that we can do things differently and we can do things at pace. We also established closer, more balanced and trusting working relationships with the sector.

Of the \$1.2 billion the Ministry was allocated to deliver COVID-19 response and recovery funding initiatives for the 2020/21 financial year, \$306 million (25%) had been distributed to the education system by 31 December. We have seen a positive response to our COVID-19 response initiatives on student engagement through **supporting Pacific students' learning needs** (page 4), educator mental health through launching a **counselling and support service** in Auckland (page 3), and school viability through **funding to manage the immediate costs of COVID-19** (page 6).

Addressing attendance

Attendance, which has been declining since 2015, is a crucial ongoing issue as it is so closely linked with progress and achievement. The decline in attendance rates for children at low-decile schools is particularly concerning because those are often the learners who can least afford to miss out.

Non-attendance is influenced by a range of factors, including food insecurity, which is being addressed by the expanded **Ka Ora, Ka Ako | Healthy School Lunch Programme** (page 3). Attendance is also negatively affected when young people do not feel like they belong in their school and that their identity, language, and culture is not attended to, which is being addressed by the **Urgent Response Fund** (page 3). We also know that if the curriculum and the experience of going to school is a positive one, the chances of children attending school are greater. The **Curriculum Leads** (page 4) will provide frontline support to teachers and kaiako in schools, kura, early learning service and kōhanga reo. They will work with teachers and kaiako to design local curriculum, unpack curriculum supports and provide feedback loops.

Supporting student success

To make a real difference for learners, and address equity issues in particular, we have been focusing on building educationally powerful connections between teachers, parents and their communities. Our different approach is being rolled out through **Te Hurihanganui** (page 4). This is also the foundation of our work towards helping **whānau reconnect with education services** (page 4) and restarting face-to-face **Talanoa Ako** sessions in Auckland centres (page 4).

Learners at the centre: *Learners with their whānau are at the centre of education*

Setting a clear direction for the education system

In November 2020, we published the Statement of **National Education and Learning Priorities** and the **Tertiary Education Strategy**, which is the first time that a joint set of education priorities has been developed to apply across all education sectors. They encourage all places of learning to ensure they are safe and inclusive; incorporate te reo Māori and tikanga Māori into everyday activities; and strengthen the quality of teaching.

Working with others to enhance hauora | wellbeing

This quarter, we completed the pilot programme for **Ka Ora, Ka Ako | Healthy School Lunch Programme**. At the end of Term 4, 2020, daily school lunches were being served to 40,901 ākonga in 189 schools and kura. The contracts for the expansion are being negotiated with suppliers and we are working closely with schools to stand the programme up. We expect to be providing lunches to over 200,000 ākonga in over 800 schools and kura by July 2021.

We also developed documentation to support wellbeing in the education system. The **Relationship and Sexuality Guidelines**, launched in September 2020, reflect the impact of social media, shifting societal norms, and the availability of confronting and explicit online content. The guidelines strengthen Māori and Pacific views of sexuality, the importance of respecting cultural and family dynamics and information for disabled learners. Together with leaders of student networks, we also developed **Whiria Ngā Rau | Progressing from student voice to partnerships**: A framework to strengthen the student voice outcomes for the Code of Pastoral Care.

In response to the Royal Commission of Inquiry report into the Christchurch terror attacks, the Government has committed to improve social inclusion. We are working with the education system by supporting children's **social and emotional learning**. We are running a one-year pilot to scale-up a play-based programme for children between 0 and 6 years old. We are also developing progress and practice tools that will help teachers and kaiako deliver culturally appropriate resources and foster inclusive learning environments.

As part of the COVID-19 response and recovery fund, we launched a **counselling and support service** in November to support the Auckland education workforce's mental health for three months. We are collaborating with the Accord to procure services to launch a wellbeing hub for the education workforce in Term 1, 2021.



The **Urgent Response Fund** has allocated \$31.4 million to 1,592 schools and kura and 588 early learning services me ngā kōhanga reo to support 360,782 learners, low-decile schools, kura and early learning services are accessing the funds they need.

Strengthening the curriculum

Having a strong curriculum that creates a positive experience of going to school is a key contributor towards strengthening attendance. That is why we have completed a first round of recruitment for the **Curriculum Leads** who will support curriculum design with a focus on wellbeing, securing staff for 21 of the 38 available regional roles. All roles are expected to be filled by the end of Term 1, 2021. A detailed service design for the leads and a toolkit to support work with teachers are being developed, which will roll out in Term 2, 2021.

Round 1 of the **Expansion of Creatives in Schools** has also been rolled out, with 29 of 34 projects having finished in December 2020. The remaining five projects will finish by June 2021. The Round 1 evaluation from December 2020 found that Creatives in Schools made a valuable contribution to sharing knowledge and offering creative practices in schools. This programme has increased students' confidence about their culture, strengthened student mental wellbeing and given whānau another way to connect with schools.

Barrier free access: Great education opportunities and outcomes are within reach for every learner

Supporting those with learning support needs

To ensure every student can access excellent education opportunities, we are implementing the **Learning Support Action Plan 2019-2025**. Through this plan, we:

- reduced national average early intervention wait times to around 80 days, which means learners are getting services 28 days earlier than in 2019/20
- filled 587 of 623 Learning Support Coordinators roles by December 2020
- launched a Network of Expertise to support these professionals in November 2020
- allocated \$95 million to create dedicated learning support spaces in schools.

We are also making it easier to identify and plan how to meet students' learning support needs by trialling a new **Standardised Learning Support Register** (sLSR) on the Te Rito platform. We are creating a seamless product and making sure the platform can accommodate the nine clusters that are ready for onboarding in March 2021. A development guide has been approved so regions can be ready to use the sLSR right away.

As part of our response to COVID-19, we are supporting ākonga at risk of disengagement by distributing the **Enhanced Wellbeing Fund** to Alternative Education, Teen Parent Units, Activity Centre providers and Te Kura Gateway. We have also temporarily extended funding for

ākonga ageing out of Alternative Education, which means that almost 2,000 students will be able to stay enrolled until the end of the year they turn 16 so they can re-engage in education and achieve their learning goals.

Through Budget 20, we provided \$2.6 million in additional funds for **Attendance Service** providers to support at-risk students to re-engage and attend school until June 2021. Providers work closely with our Regional offices and schools to ensure the supports provide wrap-around assistance to students and whānau.

Supporting Māori to succeed as Māori

We are supporting Māori to succeed as Māori by implementing **Te Hurihanganui**, which supports communities to work together to address racism and inequity so that they can accelerate the achievement and wellbeing of ākonga Māori and their whānau. The programme has been launched in three communities in the past quarter and will be tested in three additional communities in 2021.

As part of our response to COVID-19, we have been helping **whānau reconnect with education services** through signing contracts with the Mātauranga Iwi Leaders Group and Ngā Kura ā-Iwi o Aotearoa.

To **maintain kōhanga reo viability during the post COVID-19 rebuilding phase**, we provided the Te Kōhanga Reo National Trust with \$3.3 million by December 2020 to support the network and enhance its peoples' capability.

Supporting Pacific learners and their families

Our shift towards educationally powerful connections has also helped us respond to COVID-19. We partnered with a group of Pacific student leaders to **support Pacific students' learning needs**, delivering a video documentary series on Pacific student wellbeing, developing resource materials and holding a wellbeing celebration in December 2020. We also launched the Pacific Education Support and Innovation Funds, which closed for applications in November 2020. Contract negotiations have largely been completed in the regions, funds are being fully committed and delivery is underway.

We are reaching out to Pacific parents again by restarting Auckland's face-to-face **Talanoa Ako** sessions in October. Outside Auckland, the programme continued to be delivered as normal. Families can continue to access information via the app and radio sessions.

Enabling Equitable Access

We awarded the first set of new **school bus transport contracts** to 28 smaller transport operators in December 2020 to provide services from Term 1, 2022.

The first round of applications to the **Early Learning Sustainability Fund** closed in October 2020. We approved six applications and are assessing an additional 13 applications. We also provided additional funding to Playcentre Aotearoa in October 2020.



Quality teaching and leadership: *Making the difference for learners and their whānau*

Building capability and cultural competence

A crucial aspect of improving attendance is creating a learning environment where students' identity, language, and culture is attended to. This quarter, we addressed this need by introducing **priorities for regionally allocated Professional Learning and Development (PLD)**. As a result, we have been seeking PLD providers to deliver training grounded in Te Tiriti o Waitangi, critical consciousness, kaupapa Māori and inclusive practices. This is a system shift that means we are focusing on the quality of the PLD provider workforce in alignment with **Te Hurihanganui's** expectations.

We are continuing to encourage the integration of te reo Māori in our schools by planning the national delivery of **Te Ahu o te Reo** for up to 10,000 participants in 2021. The procurement process to secure providers to deliver kaupapa started in October 2020.

Addressing teacher supply

The landmark **Teacher Aide Pay Equity Claim** was implemented in November 2020, resulting in pay increases to almost 18,000 teacher aides backdated to February 2020. This historic settlement addressed gender-based discrimination in the education workforce.

Our ongoing COVID-19 response included funding to employ more teacher aide support through the **Ongoing Resourcing Scheme**. The funding was distributed through the October 2020 operational grant payment for hours through Term 4, 2020. By 31 December 2020, we approved 71 plans to access the next round of funding.

We also provided funding to address COVID-related **school payroll** workload increases and programme delays, which were caught up on by October 2020.

Future learning and work: *Learning that is relevant to the lives of New Zealanders today and throughout their lives*

Strengthening pathways from education to employment and life-long learning

We made further **changes to the NCEA** to better respond to learners' identity, language and culture by releasing draft achievement standards for a new subject, Māori Performing Arts, for public feedback in October 2020. We also released draft English-medium literacy and numeracy standards for public feedback in November 2020. Further, we supported teachers participating in the in-school mini-pilot of four NCEA Level 1 subjects, which students are due to sit in 2021.

In Term 4, 2020, 388 secondary students received a **Prime Minister's Vocational Excellence Award**

recognising their achievements and raising the profile of vocational education.

The **Targeted Training and Apprenticeship Fund** has now benefitted around 90,000 learners. In December 2020, we expanded target areas based on industry assessment to support the COVID-19 recovery.

This quarter, we completed work to **increase trades academy places and support secondary transitions**, which will take effect for the 2021 school year.

Ensuring learning is relevant for New Zealanders today and throughout their lives

We have been working closely with the TEC to deliver the key changes for the **Reform of Vocational Education**. Together, we worked with interim Establishment Boards to launch public consultations in December 2020 on the draft Orders in Council proposals that will establish the six Workforce Development Councils as legal entities. We also collaborated with the TEC to engage with tertiary sector representatives on the unified funding system for vocational education and training, which will be implemented from 2023. Stakeholders have been keen to participate and share their expertise on this work.

Supporting international students and providers

Through our ongoing response to COVID-19, we have implemented the **International Education Strategic Recovery Plan**, allocating funds to support stability for the Private Training Establishments that contribute to regional skill development and assist with increasing demand for English language training.

World Class inclusive public education: *New Zealand education is trusted and sustainable*

Progressing system improvements

In addition to responding to the critical issues facing the education system today, we advanced regulatory and policy improvements to enable a more equitable education system. Consultation on tranche one of the **early learning regulatory system review** started in December 2020. It includes a proposal to create a cancellation pathway based on a service's provisional licence history, as identified in the Early Learning Action Plan.

We completed changes to **enrolment schemes** and communicated those changes directly with regions and to the public. As part of this work, the Secretary's Instructions and Guidelines have been issued, and online hubs for external consultation and for regions to share best practices have been established.

We also **updated the Te Aho o Te Kura Pounamu / The Correspondence School enrolment policy** to ensure it is enabling access for learners who are unable to attend mainstream schooling. The new policy was published in December 2020.

Responding to COVID-19

Our COVID-19 response included **funding to support schools to manage the immediate costs**, which funded:

- additional staff in 508 small schools to allow their teaching principals time to manage the pandemic
- lowering the threshold for seeking extra relief teacher funding to account for staff absences
- cleaning and sanitation costs
- extending the Hostel Wage Subsidy Scheme for eight weeks.

Supporting collaborative practice

We are steadily continuing to embed collaborative practice in existing **Kāhui Ako**. There have now been 203 endorsed achievement challenges, and eight communities published their refreshed achievement challenges. One Kāhui Ako formally disestablished in December 2020, but membership of the remaining communities of learning has grown slightly over the last quarter and appointments to Kāhui Ako roles have been remained consistent.

Managing the school property portfolio

As at December 2020, the **School Investment Package** completed 477 upgrade projects at 340 schools and initiated over 3,650 projects. We spent \$65.6 million during this quarter, which is 23% more than forecast.

The **National School Redevelopment Programme** has announced two more school projects, Greytown School and Browns Bay School, in addition to 5 projects announced earlier this year.

Although evidence indicates that the construction industry has handled the COVID-19 disruption and impacts much better than many economic specialists predicted, we

have paid out \$5 million to **address supplier contractual obligations arising from the impact of COVID-19** by December 2020.

Building Ministry capability

Developing culturally capable and engaged staff

The Ministry continues to develop our **cultural capability** to support the education sector in line with the recommendation from the Independent Taskforce Report on Tomorrow's Schools, with focus on our Te Ara Whiti | Beyond Diversity programme and work to honour Te Tiriti. In the last quarter, 490 staff participated in Beyond Diversity and Te Tiriti | the Treaty training opportunities. We have also established new learning modules for financial delegation holders.

Our **summer internship** has commenced, and this year's programme welcomes 27 interns from diverse backgrounds, including Pākehā, Māori, Pacific, Asian and Middle Eastern heritage, joining nine business groups. Over the past two years, interns have continued with the Ministry and we continue to seek ongoing opportunities for both our Intern and Graduate programmes. We have extended our early in career programme to introduce a Connect to Gateway to include school leavers.

Building capability and managing responsibly

We have invested in strengthening our **cybersecurity capability** to underpin a digitally connected education system of staff, learners, applications and services. The Cybersecurity Capability Uplift project has successfully delivered its workstreams, which have improved the Ministry's Cyber Security position.

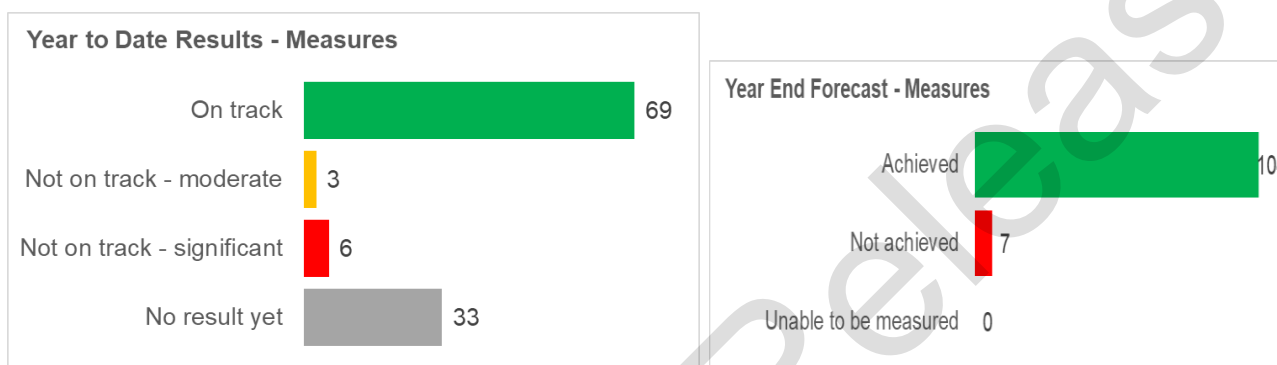


Vote Education performance for the second quarter of 2020/21

Vote Education

At 31 December 2020, most performance measures were on track to be achieved at year end.

Non-financial performance reporting below is on an exceptions basis only. Rows of non-departmental measures are shaded grey. Four output indicators (on page 10) show a variation from forecast numbers. They are reported for context only, not as performance measures.



Departmental measures that are forecast to be not achieved at year end

ED-M02-1 and ED-M04-1: Participation in primary and secondary education: the percentage of students attending school regularly (Attending regularly is defined as attending at least 90% of half days. This is measured through an annual Term 2 survey that approximately 80% of schools complete.

Students	Budget standard	Previous result	Year-end Actual	Commentary
Overall	70%	● 58% (Term 2, 2019)	● 64% (Term 2, 2020)	<p>Term 2, 2020 data is unlike previous years as it is based on the final 7 weeks post lockdown (18 May to 3 July 2020). While the percentage of students attending regularly recovered after a drop in 2019, there has been a trend of steady decline since 2015.</p> <p>Ensuring students are enrolled in and attending school is a shared responsibility and non-attendance can be the symptom of underlying social and economic issues, which schools and the Ministry cannot address on their own. We can, however, provide a more coherent, connected approach to addressing attendance and participation. This involves a focus on making schools feel safe, supporting the teaching of literacy and numeracy and ensuring children do not fall behind, and responding to dysfunctional behaviour.</p> <p>We are also working to provide more timely attendance information, building on our COVID-19 reporting experience.</p>



Non-departmental measures that are off track, and forecast to be not achieved at year end				
Appropriation: Primary Education				
ED-N03-1: Participation in primary education – the percentage of students attending school regularly, measured annually:				
Students	Budget standard	Previous result (Term 2 2019)	Year-end Actual (Term 2 2020)	Commentary
All	70%	● 60.3%	● 66.9%	Refer overall commentary above for associated ED-M02-1 and ED-M04-1: combined primary/secondary overall measures.
Māori	70%	● 47.6%	● 51%	
Pacific	70%	● 46.5%	● 51.9%	
Appropriation: Contribution to the Teaching Council of Aotearoa New Zealand				
ED-N01-2: The percentage of decisions on referrals to the Disciplinary Tribunal that are made within eight months of the referral to the Disciplinary Tribunal.				
	Budget standard	Current result	Year-end	Commentary
	75%	60%	●	For this Teaching Council measure, the improved second quarter result (up from 32%), is due, in part, to increasing the number of Disciplinary Tribunal deputy chair positions, allowing more hearings to be held. The other contributing factor is that new deputy chair contracts stipulate a six-week expectation for a decision being released after the hearing.
ED-M01-4: Percentage of children exited from Reading Recovery who are able to read at cohort expectation.				
	Forecast	Current Result	Year-end	Commentary
	80%	Not Available	● Not Available	<p>The Reading Recovery database was closed in early 2020 as it did not comply with the Ministry’s security settings and the Authority to Operate was not extended. Further investigation revealed that the security issues were complex and related to security settings available on an aged platform hosted by a third party provider. We determined the need to build a new data base. This work is underway and we expect to have a new solution in place by 1 July 2021.</p> <p>Data from 2020 was not entered by teachers into a centralised data store and results are therefore not available.</p>



Departmental measures that are off track, but forecast to be achieved at year end				
Appropriation: Schooling Improvement				
ED-N04-2: Percentage of community leaders that report high levels of engagement in schools' and early learning services' decision-making.				
	Budget Standard	Current result	Year-end	Commentary
	Baseline Year	●	● Achieved	The Ministry has now engaged an evaluation partner and the evaluation framework is on track to be completed by end April 2021. With the evaluation framework completed we expect to be able to collect baseline data by June 2021.
Appropriation: Schooling Improvement				
ED-N04-2: Percentage of early learning services and school leaders that report increased understanding of critical consciousness and kaupapa Māori and their impact on Māori success as Māori in education.				
	Budget Standard	Current result	Year-end forecast	Commentary
	Baseline Year	●	● Achieved	Refer commentary above for associated ED-N04-2



Output indicators – variances from year end forecast				
ED-M02-14: Number of young people enrolled in the Alternative Education programme.				
	Forecast	Previous Result	Year-end forecast	Commentary
Number	2,500	● 1,749	●	<p>The current number of students enrolled in Alternative Education (AE), is 120 students less compared to last year (The figure is cumulative across the financial year). It is not how many are enrolled at a point in time but how many have been enrolled over the course of the year. Some regions have advised that schools have not been referring students to AE. Main reasons for this are no referrals during lockdown and schools working with students and families to maintain them in school using the URF.</p> <p>The COVID-19 Recovery and Response Fund had contingency funding to support students in AE and will be available until the end of 2021 school year. Providing dedicated funding for at-risk akonga signal to schools (and others) the importance of a specific focus on this disadvantaged cohort, and mitigates the risk that this cohort misses out because schools may not seek support on their behalf.</p>
ED-N02: Subsidised hours provided by licensed and certified early learning services:				
	Forecast	Previous Result	Year-end forecast	Commentary
ED-N02-3.6: Certified playgroups.	1.5-2 million	● 578,912 (estimate)	●	<p>This indicator has not been achieved since 2016/17. Funding rates were increased from 1 July 2020 to try to improve participation. COVID-19 resulted in a decline for the first half of 2020.</p> <p>Currently there are no other initiatives underway or planned for Playgroups.</p>
ED-N02-3.2: Certified playcentres.	2.4-2.8 million (estimate)	● 687,320	●	<p>Based on projections for the year we are not expected to meet the forecast, with a projected total of 2.37 million hours. This is consistent with the decline in playcentre attendance over the past few years.</p>
ED-N02-3.4: Home-based educators.	24-25 million	● 4,489,537 (estimate)	●	<p>Based on projections for the year we are not expected to meet the forecast, with a projected total of 17.06 million hours.</p>

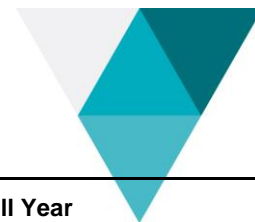


Vote Education Expenditure against Appropriations

	Year to Date				Full Year			
	Actual	Budget	Variance		Forecast	Budget OBU	Variance	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Departmental Output Expenses								
School Property Portfolio Management	937.9	941.3	3.4	0.4%	1,903.5	1,904.2	0.7	0.0%
Services to Other Agencies	2.3	1.1	(1.2)	(109.1%)	5.0	3.2	(1.8)	(56.3%)
Support and Resources for Parents and the Community	6.4	7.1	0.7	9.9%	16.8	16.8	-	-
Total Departmental Output Expenses	946.6	949.5	2.9	0.3%	1,925.3	1,924.2	(1.1)	(0.1%)
Departmental Capital Expenditure	715.5	686.5	(29.0)	(4.2%)	1,428.8	1,428.8	-	-
Non-Departmental Output Expenses								
Contribution to the Education Council of Aotearoa New Zealand	1.2	4.5	3.3	73.3%	8.8	12.2	3.4	27.9%
Early Learning	1,083.5	1,082.3	(1.2)	(0.1%)	2,155.4	2,155.5	0.1	0.0%
School Managed Network Funding	14.4	14.4	-	-	28.8	28.8	-	-
School Transport	109.0	110.3	1.3	1.2%	221.0	221.0	-	-
Schooling Improvement	5.1	4.9	(0.2)	(4.1%)	25.7	29.6	3.9	13.2%
Support for Early Learning Providers	3.3	3.8	0.5	13.2%	10.9	14.9	4.0	26.8%
Supporting Parenting	6.3	6.5	0.2	3.1%	8.7	9.2	0.5	5.4%
UNESCO	1.6	0.3	(1.3)	(433.3%)	2.0	2.1	0.1	4.8%
Total Non-Departmental Output Expenses	1,224.4	1,227.0	2.6	0.2%	2,461.3	2,473.3	12.0	0.5%
Benefits or Related Expenses								
Home Schooling Allowances	2.8	3.1	0.3	9.7%	6.6	6.6	-	-
Scholarships and Awards for Students	6.9	8.2	1.3	15.9%	15.3	15.8	0.5	3.2%
Scholarships and Awards for Teachers and Trainees	11.5	13.8	2.3	16.7%	26.5	30.7	4.2	13.7%
Total Benefits or Related Expenses	21.2	25.1	3.9	15.5%	48.4	53.1	4.7	8.9%



	Year to Date				Full Year			
	Actual	Budget	Variance		Forecast	Budget OBU	Variance	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Non-Departmental Other Expenses								
Education Providers with COVID-19-Related Losses of Income	20.2	25.8	5.6	21.7%	50.0	53.8	3.8	7.1%
Integrated Schools Property	36.7	36.2	(0.5)	(1.4%)	79.0	82.0	3.0	3.7%
Impairment of Debts and Assets and Debt Write-Offs	0.2	-	(0.2)	-	3.7	3.7	-	-
Total Non-Departmental Other Expenses	57.1	62.0	4.9	7.9%	132.7	139.5	6.8	4.9%
Non-Departmental Capital Expenditure								
School Support Project	-	0.9	0.9	100.0%	1.9	1.9	-	-
Schools Furniture & Equipment	32.1	28.5	(3.6)	(12.6%)	51.8	84.8	33.0	38.9%
Total Non-Departmental Capital Expenditure	32.1	29.4	(2.7)	(9.2%)	53.7	86.7	33.0	38.1%
Multi-Category Expenses and Capital Expenditure (MCA)								
Improved Quality Teaching and Learning MCA								
Support and Resources for Teachers	47.9	64.0	16.1	25.2%	130.0	137.3	7.3	5.3%
Curriculum Support	30.7	52.5	21.8	41.5%	81.2	79.5	(1.7)	(2.1%)
Professional Development and Support	37.0	42.3	5.3	12.5%	92.0	97.7	5.7	5.8%
Total Improved Quality Teaching and Learning MCA	115.6	158.8	43.2	27.2%	303.2	314.5	11.3	3.6%
Outcomes for Target Student Groups MCA								
Interventions for Target Student Groups	181.9	178.6	(3.3)	(1.8%)	405.0	400.2	(4.8)	(1.2%)
Learning Support	309.3	319.9	10.6	3.3%	621.0	633.9	12.9	2.0%
School Lunch Programme	11.5	15.4	3.9	25.3%	78.3	123.7	45.4	36.7%
Service Academies	1.4	2.0	0.6	30.0%	3.5	3.8	0.3	7.9%
Students Attendance and Engagement	7.9	6.4	(1.5)	(23.4%)	12.3	12.8	0.5	3.9%
Total Outcomes for Target Student Groups MCA	512.0	522.3	10.3	2.0%	1,120.1	1,174.4	54.3	4.6%
Oversight and Administration of the Qualifications System MCA								
Secondary School Assessments	38.6	38.6	-	-	58.6	58.6	-	-
Standards and Qualifications Support	8.9	8.9	-	-	18.2	18.2	-	-



	Year to Date				Full Year			
	Actual	Budget	Variance		Forecast	Budget OBU	Variance	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Total Oversight and Administration of the Qualifications System MCA	47.5	47.5	-	-	76.8	76.8	-	-
Oversight of the Education System MCA								
Stewardship and Oversight of the Education System	29.6	33.3	3.7	11.1%	64.6	64.6	-	-
Education Research Initiatives	1.5	1.4	(0.1)	(7.1%)	3.0	3.0	-	-
Independent Advice on Government Priority Areas	-	0.3	0.3	100.0%	0.5	0.5	-	-
Total Oversight of the Education System MCA	31.1	35.0	3.9	11.1%	68.1	68.1	-	-
Primary and Secondary Education MCA								
Primary Education	1,955.8	1,995.7	39.9	2.0%	3,875.2	3,909.0	33.8	0.9%
School Risk Management Scheme	1.8	2.5	0.7	28.0%	4.0	5.0	1.0	20.0%
Secondary Education	1,333.7	1,378.7	45.0	3.3%	2,788.2	2,826.1	37.9	1.3%
Support and Resources for Education Providers	63.8	56.5	(7.3)	(12.9%)	154.0	146.2	(7.8)	(5.3%)
Total Primary and Secondary Education MCA	3,355.1	3,433.4	78.3	2.3%	6,821.4	6,886.3	64.9	0.9%
Total Multi-Category Expenses and Capital Expenditure (MCA)	4,061.3	4,197.0	135.7	3.2%	8,389.6	8,520.1	130.5	1.5%
Multi-Year Appropriations								
Schools Payroll Sustainability Loan	3.0	3.0	-	-	3.0	3.0	-	-
Total Multi-Year Appropriations	3.0	3.0	-	-	3.0	3.0	-	-
Total Vote Education	7,061.2	7,179.5	118.3	1.6%	14,442.8	14,628.7	185.9	1.3%

Commentary

The Total year to date expenditure for Vote Education is under budget by \$118.3 million (1.6%). Significant areas of underspend are:

- a. **Primary and Secondary Education MCA** - \$78.3 million (2.3%) mainly due to:
 - *Primary Education* - \$39.9 million (2.0%), mostly due to underspends in teachers' salaries. Historically October Baseline Update (OBU) adjustments have been adjusted in November however this year they were phased across the remainder of the year. This has artificially increased our year to date variance for December which will begin to reduce in January. A portion of funding for teachers' salaries will be returned at the March Baseline Update (MBU). The expenditure is expected to align with the appropriation at year end.



- *Secondary Education* - \$45.0 million (3.3%), mostly due to underspends in teachers' salaries. Historically OBU adjustments have been adjusted in November however this year they were phased across the remainder of the year. This has artificially increased our year to date variance for December which will begin to reduce in January. A portion of funding for teachers' salaries will be returned at MBU. The expenditure is expected to align with the appropriation at year end.
- b. **Improved Quality Teaching and Learning MCA** - \$43.2 million (27.2%) mainly due to:
- *Curriculum Support* – \$21.8 million (41.5%), mostly due to an underspend in network connections. The programme to extend equitable digital access (EDA) to families was originally to be completed by December 2020. We are exploring options to utilise the EDA underspend to extend existing connections beyond February 2021 to June 2021 and perhaps to December.
 - *Support and Resources for Teachers* - \$16.1 million (25.2%), due to slower than planned recruitment tagged to significant programmes of work e.g. Aotearoa New Zealand Histories, Curriculum Progress and Achievement (CPA), NCEA, Teacher Aide Pay Equity (TAPEC) and the Supporting Māori Learners budget initiative. A fiscally neutral transfer has been submitted at MBU of \$24 million to transfer Supporting Māori Learners funding from department to non-departmental appropriations Curriculum Support and Professional Development and Support.
 - *Professional Development* - \$5.3 million (12.5%), due to slower than planned uptake by schools to attend professional development sessions during the first quarter due to the resurgence of COVID-19. Teachers were reluctant to travel for planned PLD sessions.
- c. **Learning Support** - \$10.6 million (3.3%) mainly due to a delay in recruitment (both local and international) for Learning Support Coordinators.
- d. **Education Providers with COVID-19-Related Losses of Income** - \$5.6 million (21.7%), mainly due to fewer applications for the school hostel wage subsidy scheme than expected.

Partially offset by overspend in:

- a. **Departmental Capital Expenditure** - \$29.0 million (4.2%), mainly due to several construction projects under the Redevelopment, Schools Investment Package, roll growth and Christchurch Schools Rebuild programme progressing faster than expected.
- b. **UNESCO** - \$1.3 million (433.3%) mainly due to a subscription fee paid in December which has been budgeted for in March. This is reflected in the full year forecast.

Services to Other Agencies – the full year forecast overspend is not an appropriation issue as the expenditure is limited to the revenue earned. An adjustment of \$1.8 million to revenue will be made in MBU.

School Lunch Programme – the full year forecast is underspend as some of the school lunch funding may be used to provide period products to students.

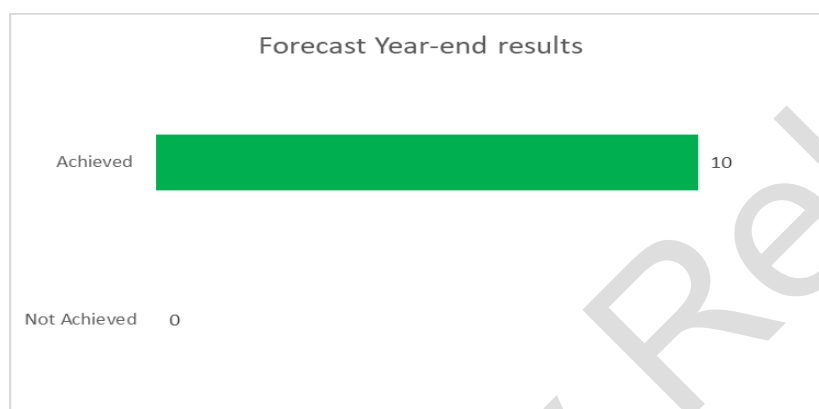
School Furniture & Equipment – the full year forecast is an underspend of \$33.0 million. A capital transfer of the same amount is requested in MBU mainly on new schools as it is taking longer than expected to make sites available for development.



Vote Tertiary Education performance for the second quarter of 2020/21

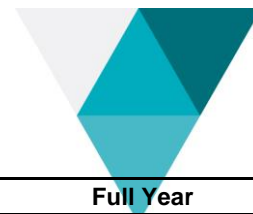
Vote Tertiary Education

At 31 December 2020, the performance measures were on track to be achieved at year end.



Vote Tertiary Education Expenditure against Appropriations

	Year to Date				Full Year			
	Actual	Budget	Variance		Forecast	Budget OBU	Variance	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Departmental Output Expenses								
Stewardship and Oversight of the Tertiary Education	7.6	7.7	0.1	1.3%	16.2	16.2	-	-
Total Departmental Output Expenses	7.6	7.7	0.1	1.3%	16.2	16.2	-	-
Non-Departmental Output Expenses								
Access to Tertiary Education	13.5	9.2	(4.3)	(46.7%)	39.7	39.7	-	-
Administration of and Support for the Tertiary Education and Careers Systems	38.9	39.2	0.3	0.8%	82.3	82.5	0.2	0.2%
Centres of Research Excellence	24.9	24.9	-	-	49.8	49.8	-	-
Establishment of a Single National Vocational Education Institution	17.9	18.5	0.6	3.2%	31.6	37.1	5.5	14.8%



	Year to Date				Full Year			
	Actual	Budget	Variance		Forecast	Budget OBU	Variance	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
International Education Programmes	16.4	17.6	1.2	6.8%	34.3	37.4	3.1	8.3%
Support for Private Training Establishments of Strategic Importance	-	12.6	12.6	100.0%	8.1	9.9	1.8	18.2%
Tertiary Education Research and Research-Based Teaching	159.8	159.3	(0.5)	(0.3%)	321.0	321.0	-	-
Tertiary Sector / Industry Collaboration Projects	10.6	17.4	6.8	39.1%	54.5	54.5	-	-
University-led Innovation	3.4	4.2	0.8	19.0%	9.2	11.3	2.1	18.6%
Workforce Development Councils	-	14.0	14.0	100.0%	12.0	42.0	30.0	71.4%
Total Non-Departmental Output Expenses	285.4	316.9	31.5	9.9%	642.5	685.2	42.7	6.2%
Benefits or Related Expenses								
Scholarships for Inbound International Students	0.2	0.2	-	-	0.3	0.3	-	-
Tertiary Scholarships and Awards	5.0	5.6	0.6	10.7%	17.3	19.9	2.6	13.1%
Total Benefits or Related Expenses	5.2	5.8	0.6	10.3%	17.6	20.2	2.6	12.9%
Non-Departmental Other Expenses								
Support for Te Wananga o Raukawa	5.3	5.3	-	-	5.3	5.3	-	-
Total Non-Departmental Other Expenses	5.3	5.3	-	-	5.3	5.3	-	-
Non-Departmental Capital Expenditure								
Careers System Online	-	-	-	-	8.5	8.5	-	-
Support for a Single National Vocational Education Institution	4.0	4.0	-	-	20.0	20.0	-	-
Support for Lincoln University	5.0	5.0	-	-	10.0	10.0	-	-
Total Non-Departmental Capital Expenditure	9.0	9.0	-	-	38.5	38.5	-	-
Multi-Category Expenses and Capital Expenditure (MCA)								
Tertiary Tuition and Training MCA								
Community Education	4.1	7.0	2.9	41.4%	48.6	51.4	2.8	5.4%
Tertiary Education: Student Achievement Component	12.8	26.4	13.6	51.5%	1,424.2	1,424.2	-	-
Training for Designated Groups	1.2	9.2	8.0	87.0%	157.0	157.0	-	-
Fees-free Payments	60.2	112.5	52.3	46.5%	347.2	427.2	80.0	18.7%
Total Tertiary Tuition and Training MCA	78.3	155.1	76.8	49.5%	1,977.0	2,059.8	82.8	4.0%
Total Multi-Category Expenses and Capital Expenditure (MCA)	78.3	155.1	76.8	49.5%	1,977.0	2,059.8	82.8	4.0%
Total Vote Tertiary Education	390.8	499.8	109.0	21.8%	2,697.1	2,825.2	128.1	4.5%



Commentary

The Vote Tertiary Education year-to-date reported expenditure of \$390 million, highlights the impact of the COVID-19 response initiatives that required almost \$1.2 billion of appropriated 2020/21 funding to be recognised in the 2019/20 financial year. This did not change timing of tertiary education provider payments [CAB-20-MIN-0219.27 initiative 12660]. The impact of this accounting treatment is that reported year-to-date expenditure is understated by almost \$1.2 billion compared to actual cash paid to providers.

From an accounting perspective, Vote Tertiary Education shows an inflated 21.8% year-to-date underspend due to actuals being reported against a budget of \$500 million. However, in real terms, the underspend is against an expenditure (cash paid to providers) budget of close to \$1.7 billion, giving a 6% variance. Significant areas of underspend are:

a. **Tertiary Tuition and Training MCA - \$76.8 million mainly due to:**

- *Fees-free Payments* - \$52.3 million, due to lower student numbers in 2020. Lower Fees Free payments are offset somewhat by higher Targeted Training Apprenticeship Fund demand than expected. We forecast the Fees Free payments category of the Tertiary Tuition and Training MCA to be \$55-\$80m underspent at year end.
- *Tertiary Education: Student Achievement Component* - \$13.6 million, largely due to lower student numbers in Student Achievement Component Level 3 and above. We expect demand to lift in 2021.
- *Training for Designated Groups* - \$8.0 million, due to underspends in the Youth Guarantee fund due to low student demand. We forecast high demand in the Industry Training Fund in 2021.

b. **Workforce Development Councils** - \$14.0 million (100%), the expected establishment date of the six Workforce Development Councils (WDCs) previously in December will now be in June. Funding will commence upon establishment of the WDCs. The forecast underspend as at the end of December is \$22 million (as at the end of February 2021, this had increased to \$30 million). There is still uncertainty around the exact timing for the establishment of WDCs; however, we expect to have a better forecast in the coming months.

c. **Support for Private Training Establishments of Strategic Importance** - \$12.6 million (100%), contracts and payments have been delayed due to a higher level of complexity than originally anticipated. Significant progress has now been made and we forecast being close to budget at year end.

d. **Tertiary Sector / Industry Collaboration Projects** – \$6.8 million (39.1%), mainly due to delays in the contracting and delivery of WDC/TITO COVID-19 Response Projects. The timing of the contracts and the later stand-up of WDCs mean that we expect some underspend at year end. We will have a better forecast in the coming months.

Partially offset by overspend in:

e. **Access to Tertiary Education** – (\$4.3 million), due to cost incurred earlier than expected. The expenditure is expected to align with the appropriation at year end.