



Education Report: Tertiary Education Commission draft Statement of Performance Expectations 2021/22

To:	Hon Chris Hipkins, Minister of Education		
Date:	13 May 2021	Priority:	High
Security Level:	In Confidence	METIS No:	1257536
Drafter:	Sara Hewson	DDI:	9(2)(a)
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This paper provides our advice on the draft Statement of Performance Expectations (SPE) 2021-22 produced by the Tertiary Education Commission (TEC), which your office received on 30 April 2021.

You are required by the Crown Entities Act 2004 to give your feedback to TEC within 15 working days of receipt of the documents (by 21 May 2021). A draft letter from you to Jenn Bestwick, TEC Chair of the TEC Board, is attached for this purpose.

Summary

- The Ministry of Education (the Ministry) monitors the performance of TEC with the Ministry of Business, Innovation and Employment (MBIE) as a secondary monitor. This report sits alongside TEC's draft SPE which your office received on 30 April 2021. Our advice focuses on the performance measures, and high-level financial commentary against TEC's draft SPE is provided in Annex A.
- TEC's draft SPE meets statutory requirements for timing and content.
- TEC has indicated it intends to issue a new Statement of Intent (SOI) in 2022.
- Of its 51 output measures outlined in its draft SPE, nine are operational, and the remainder investment related. It has also included nine new or updated measures from the 2020/21 SPE. Detailed analysis is provided later in this report.
- The COVID-19 pandemic and the many change programmes underway in the education system, including the Reform of Vocational Education (RoVE), are complex and continue to impact the scope and operations for aspects of TEC's business. It will be important for TEC to have strong intervention logic to be able to manage these complexities, and to demonstrate how it will align its operations to the priorities of the education system drivers such as the Tertiary Education Strategy (TES) and the Education Work Programme 2021 – EWP 2021.

Recommended Actions

The Ministry of Education recommends that you:

- a. **note** that you are being provided with TEC's draft SPE for your consideration and feedback, as required by the Crown Entities Act 2004 (the CE Act)

Noted

- b. **note** our assessment that TEC's draft SPE meets requirements in the CE Act for timing and content

Noted

- c. **note** that you are required to provide any comments to TEC on its draft SPE within 15 working days of receiving it to meet the requirement in the CE Act (by 21 May 2021). We have provided the attached draft letter for this purpose (see Annex B)

Noted

- d. **sign** and **send** the attached draft letter to Jenn Bestwick, Chair of the TEC Board, by 21 May 2021 (see Annex B)

☒ **Agree** ☐ **Disagree**

- e. **agree** this Education Report is proactively released as part of the next publication once TEC has published its final SPE

☒ **Release** ☐ **Not release**



Emily Fabling
**Deputy Secretary
Strategy, Planning and Governance**

13/05/2021



Hon Chris Hipkins
Minister of Education

23/ 5/2021

Proactive release

It is intended that this Education Report is proactively released once TEC has published its final SPE, as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Annexes

- Annex A: High-level financial context
Annex B: Letter to the Board Chair
Annex C: Digital and Data Monitoring Framework

Background and Statutory Requirements

1. The Crown Entities Act 2004 (the CE Act) sets out the statutory requirements that a Crown entity must comply with when preparing and publishing its Statement of Performance Expectations (SPE).
2. This report has been written in consultation with MBIE as secondary monitors of TEC, the Ministry of Education (the Ministry) and TEC.

Requirements for content

3. Requirements for SPE content are set out in Section 149E of the CE Act. In summary an SPE must identify each reportable class of outputs, explaining what the class of output is intended to achieve, the expected revenue and expenses and how performance will be assessed. It must also contain forecast financial statements, prepared in accordance with generally accepted accounting practice.
4. The Ministry considers TEC's draft SPE to meet statutory requirements in respect of content.

Requirements for timing

5. Section 149L of the CE Act sets out the process for providing the SPE to the responsible Minister:
 - A draft SPE must be provided to the responsible Minister no later than two months before the start of the financial year to which it relates.
 - The responsible Minister must provide any comments on the draft ideally within 15 working days of receipt.
 - The entity must consider any comments on the draft and provide the final SPE to the responsible Minister as soon as practicable after receiving the comments, but before the start of the financial year.
 - The entity must also publish the documents online.
6. In addition to an annual SPE, a new SOI must be completed at least once every three years, although you can require an entity to prepare one at any time under Section 139A of the CE Act. TEC has not provided an updated SOI this year, however, has indicated it will provide one in 2022. Its current SOI covers the period 2019/20 – 2021/22.
7. TEC sent its draft SPE to you on 30 April 2021, meeting the first statutory deadline¹. We expect TEC to meet the remaining statutory deadline for its SPE².
8. You have 15 working days from this date to provide your comments to TEC (Section 149L of the CE Act). A draft letter is provided for this purpose and should be sent by 21 May 2021.
9. SPEs (which capture measures) are aligned to the delivery of SOIs (which capture intent) and set expectations for entities progressing government priorities. Annual and quarterly reports are where entities provide assurance that they are delivering on what is required.

¹ Draft SPEs must be provided to the responsible Minister no later than two months before the start of the financial year to which they relate.

² The entity must consider the comments (if any) on the drafts and provide the final SPE to the responsible Minister as soon as practicable after receiving the comments, but before the start of the financial year. It must also publish the documents online.

10. Since TEC last published an SOI there has been much change in the operating environment. TEC will need to continue to adjust its operational focus and performance to factor the high-level strategic plans for the education system and the impacts of the COVID-19 pandemic. This is a challenge for all three of the education Crown entities we monitor, as there may be a disconnect between new system level output measures, and the SOI input measures and strategic drivers. These were produced at a time before the COVID-19 pandemic, and all of the key Education Work Programme – EWP 2021 priorities were known.
11. As indicated in Figure 1 below, your feedback can help shape all parts of the entities' accountability and performance management frameworks which informs how the entities operate.

Figure 1 Setting expectations through the performance management framework



12. As it takes some time to fully develop new or alter existing performance measures, you may wish to add a requirement which sees TEC provide you with further assurance over this area as part of its quarterly and annual reporting.
13. A draft Letter of Expectations for TEC was submitted to your office on 15 January 2021 [METIS 1244606] and revised versions on 7 April 2021 and 19 April 2021. Once sent, the Letter of Expectations also forms part of the entity's overall strategic direction setting.

System Context

14. The education system is undergoing significant change, while at the same time feeling the impacts of the COVID-19 pandemic. This is a challenging environment in which to assess and measure performance. While developing their internal performance frameworks, the education Crown entities will need to consider:
- the continued performance of the existing system and ensuring they are meeting learner needs while changes are being implemented
 - how they will measure and track the programmes of change set out to support the Education Work Programme – EWP 2021
 - how their measures align to and demonstrate performance and impact against key system strategies such as the *National Education Learning Plan (NELP)*, the *Tertiary Education Strategy (TES)*, *Ka Hikitia* and *Tau Mai Te Reo*, the *Action Plan for Pacific Education* and the *Learning Support Action Plan*, and
 - how they build good intervention logic and impact analysis along with data to support its understanding of its performance in this complex system.
15. We have outlined below some of the challenges and opportunities which may impact upon the way performance or activities are understood or reported on by the entities.

Te Tiriti o Waitangi and equity for Māori

16. The Education and Training Act 2020 (E&T Act) makes explicit the need to shift performance within the education sector to achieve better outcomes for Māori and their whānau. It is good to see the entities are thinking through how this can be demonstrated as part of its SPE and performance management frameworks.
17. It will be important for TEC to consider how to embed Te Tiriti o Waitangi (Te Tiriti) into its organisation, future performance frameworks and measurement development, and:
 - continue to build internal capability to create a more equitable education system for Māori
 - work through and understand what good performance means regarding Te Tiriti obligations,
 - what the impacts and outcomes for learners are, and
 - how it can embed Te Tiriti in other areas of its work programme, such as through investment or funding decisions.
18. In 2020, the Ministry of Education (the Ministry) re-released *Ka Hikitia – Ka Hāpaitia* to help guide the system shifts and actions needed to realise the goal of achieving equitable outcomes for Māori in the education system. Additionally, *Tau Mai Te Reo*, the companion strategy to *Ka Hikitia*, further details the importance of Māori language skills to create an environment where Māori are able to achieve educational success as Māori.

Education system priorities and strategies

19. In the development of the SOI, it will be important for TEC to ensure performance measures align and support the strategic direction of the education system and the Government's Education Work Programme – EWP 2021. We would particularly expect to see performance measures against work programmes and strategies critical to implementation of these education system drivers, including:
 - the NELP
 - the TES
 - *Ka Hikitia* and *Tau Mai Te Reo*, the *Action Plan for Pacific Education*, Te Tiriti and the *Learning Support Action Plan*
 - The Reform of Vocational Education (RoVE),
 - Careers, and
 - Data collection, disaggregation, analytics, and insight.
20. Additionally, in developing the SOI, it will be important for TEC to consider the downstream impacts, and the desired outcomes the system changes are trying to achieve for learners.
21. We would expect future SPEs (from 2022 onwards) to be better aligned and reflective of performance against these system drivers and the changes in the operating environment.

Data management and insights

22. For TEC to effectively implement changes in the education system, clear intervention logic is required to understand the flow and impact of both their own work, and that of the wider educational system, on learner outcomes. Data is one of the key resources to support strategic and learner focused thinking.
23. It is important for TEC to understand not only what data is available, but what data is needed to ensure that impact over time is visible, and performance and change in the system is captured and tracked. This might include:
 - timely and relevant data

- identifying different sources of data
- disaggregating data
- sharing data, and
- connecting data across the system.

Some of these aspects have long been challenging in the system.

24. TEC has critical programmes of work underway which are needed to support its capability in these areas. The work TEC is doing to rescope the programme (formerly known as Data 2020) to develop a new Data Exchange Platform (DXP), will support the changes in the RoVE system, and support the development of the Unified Funding System (UFS), resulting in it having more timely data to meet your requirements. This will be a priority area for our monitoring engagements in coming quarters.
25. Continuing to build on its data management practices and improving analytics and customer insights will support TEC to understand its performance story more clearly in a complex environment.

COVID-19

26. The education system is still absorbing the impacts of the COVID-19 pandemic. We note TEC has worked well over the last year to adapt Business-As-Usual (BAU) operations to mitigate the associated organisational risks, and to provide continuity of education to learners.
27. The pandemic, and its associated impacts, has come at a time of large-scale change within the education sector. This will have affected organisational and system capacity to effect change. Going forward, It will be important for TEC to continue to plan for, or main where appropriate, the capability and capacity to deliver operational BAU. This is in preparation for the desired future operating state, and to support New Zealand's ongoing pandemic response (including potential alert-level changes) and recovery.

Other Government priorities

28. The education Crown entities are not required to report against the whole of government requirements for ICT, property, and procurement functional leadership as part of their SPE documents. Instead this should be covered in the entities' annual reports (Section 151 of the CE Act).
29. By December 2022, the entities will be required to measure, verify, and report on their carbon emissions annually, to be compliant with the recently announced whole of government expectation for the public sector to be carbon neutral by 2025. We will continue to work with TEC as part of our monitoring engagement processes to report to you on its compliance with these requirements.

Commentary on TEC's Statement of Performance Expectations

30. TEC's draft 2021/22 SPE needs to be considered in conjunction with its 2019/20 – 2022/23 SOI and other education system strategic documents, such as:
 - the NELP
 - TES
 - *Ka Hikitia*, the *Pacific Education Plan*, the *Learning Support Action Plan*
 - and the priorities for Education Work Programme – EWP 2021 priorities, such as the Reform of Vocational Education (RoVE).

31. As it has not yet updated its SOI, TEC has noted it is measuring performance against its strategic goals outlined within its current SOI (set before the entirety of the Education Work Programme – EWP 2021 was known), as well as its updated strategic framework, which is currently under development. This new framework has been outlined within the narrative section of the draft SPE. The SOI will be important to help provide a line of sight between key system drivers, such as the Tertiary Education Strategy (TES), and TECs performance. It will be important that TEC can tell its performance story against these drivers.
32. You previously provided feedback against TEC's 2020/21 draft SPE [METIS 1230051], which reflected you wanted to clearly see a stronger focus within its performance measures on:
- the Reform of Vocational Education (RoVE),
 - the establishment of Workforce Development Councils (WDCs) and employer engagement,
 - the provision of careers information, particularly for those who are seeking career changes, and
 - support for adult learners and those who are wishing to retrain in other vocations.
33. Our high-level commentary on TEC's SPE financial position is provided in Annex A.

RoVE

34. We can see TEC has worked to incorporate your feedback both into its narrative section, and with the addition of some new performance measures within its draft 2021/22 SPE. In relation to RoVE, TEC has included the new performance measure:
- *All WDCs have approved and funded Operational Plans in place by 30 June 2022.*

TEC may refine this measure before the final SPE is published.

35. We appreciate performance in the system is complex to navigate as institutions like Te Pūkenga and WDCs are operationalising. We understand TEC is currently developing a more comprehensive suite of measures out of this. As part of this work it will be important for TEC to form a view over the interventions and dependencies, so it can better tell its performance story, which may be informed by its benefits realisation work currently underway, and help inform a system view of performance. Given the complexities and dependencies of the changes in the system, it will be important for TEC to have strong intervention logic in this area. We will engage further on the framework in coming quarters.

Careers

36. Overall, we note the careers measures need to be more strongly reflected in TEC's draft SPE. There is only one performance measure included against its Careers work programme, which specifically reflects the provision of careers information and one of its legislated careers functions within Section 409(e) of the E&T Act:
- *An integrated suite of web-based tools and datasets is developed and delivered as scheduled in the Careers System Online Initiative Product Roadmap.*
37. In assessing performance against this measure, TEC will need to be clear about what needs to be delivered to be considered as 'achieved'. It will also be important for TEC to consider how information will be captured from the user interface to ensure the ongoing development of the tool is fit-for-purpose for New Zealanders. As TEC's online career planning tool is further developed, considering linkages across the organisation (such as within its digital and data space) and feeding back findings from these discussions into the design build, will be important.

38. It is difficult to gauge performance against TEC's careers function in the draft SPE. TEC does have some internal career measures which are reported to both its Board and leadership team, which provide more operational information. TEC needs to confirm what measures are important to report on externally and how it will assess performance of its careers function over time.
39. TEC alongside careers advisors from Career Development Association of New Zealand, has been delivering direct careers guidance services as an interim response to support New Zealanders impacted by the COVID-19 pandemic. As the funding for this service is time-limited (currently extended to June 2021), we think it is appropriate that any measures against the direct careers service delivery are not included in the new SPE.
40. TEC has noted within the narrative section of its draft SPE that it intends to evolve its careers approach into a national careers' strategy. We have previously advised you [METIS 1250213] of the importance of TEC working with other careers' system stakeholders to understand what its role and responsibilities are alongside these other providers. Having this clear view of roles and responsibilities will enable TEC to understand and tell its performance story, and ensure it has the right measures to evaluate its impact within the system, and for learners, which is a gap we see within its draft SPE performance measure outputs. TEC has signalled it will strengthen this area in future SOI and SPE documents.

Student Achievement Component/parity

41. We are pleased to see TEC has continued to build on its focus to provide equitable outcomes for Māori and Pacific learners. This is embedded through its new organisational strategy and the Ōritetanga learner success approach, which places learners and their whānau at the centre of everything it does. We see it is working through how to embed this approach within the tertiary education system, particularly within its investment approach with tertiary education organisations, who are required to provide learner success plans on how they will work to achieve parity for learners.
42. TEC's parity measures currently compare the difference between Māori and Pacific achievement, to that of non-Māori and non-Pacific learners. TEC has acknowledged in the narrative section of the draft SPE that it contributes to, but does not control, the sector output measures it reports on. We have previously signalled this is a limitation in understanding TEC's organisational performance in contributing towards parity of outcomes for Māori and Pacific learners, as the factors that lead to participation and completion of qualifications will be outside of TEC's control. It will be important as organisational capability continues to build in this space, and the Ōritetanga learner success approach is further applied, for TEC to reflect within its performance framework what it can directly control and influence.
43. As TEC's Ōritetanga learner success approach identifies disabled learner achievement as a particular area of focus, it would be good to see performance measures over time incorporating this learner community as TEC's data collection processes continue to evolve. To supplement this gap, TEC is rolling out Disability Action Plans, requiring TEOs who receive over \$5 million dollars of funding to provide plans on how it will support equitable outcomes for disabled learners. They are also working with the sector to define disability so it can be part of the UFS. Having disabled learners as part of its performance framework is particularly important given the focus of Te Pūkenga on inclusivity, and with the refresh of Kia Ōrite facilitated by TEC.

New or changed performance measures

44. Of the 51 output measures outlined in TEC's draft 2021/22 SPE, nine of these are categorised as operational under the appropriation *Administration of and Support for the Tertiary Education and Careers Systems*, and the remainder are investment. TEC has included one new operational performance measure:

- *The satisfaction rating given by the Minister of Education on the TEC's monitoring advice related to Te Pūkenga and Tertiary Education Institutions.*

45. Under its investment measures, TEC has updated the performance measures for Centres of Research Excellence (CoREs), and Centres for Asia and Pacific Excellence (CAPEs), moving from reviewing and acting on results in annual reports, to measuring the CoREs and CAPEs outcomes or impacts for learners. These updated measures are:

- *All Centres of Research Excellence show progress towards achieving the impacts stated in their Impact Statements,*
- *Total number of doctoral students completing qualifications during the current funding period,*
- *All Centres of Asia, Pacific Excellence show progress towards achieving delivery of their specific long-term outcomes as stated in their Outcomes Statements, and*
- *Total number of activities that supported business to develop skills or capability to enhance their effectiveness as participants in the Asia-Pacific market.*

46. Your previous feedback noted you would like to see more performance measures relating to supporting adult learners, and those wishing to retrain in other vocations. TEC has included a new investment measure relating to adult learners:

- *Number of Adult Community Education learner hours.*

We see this measure is a good starting point to capture the shift in demand for adult community education, particularly post-pandemic. As with its other sector-facing measures, we will work with TEC to understand its impact in achieving outcomes for this measure.

Opportunities for improvement

47. We are pleased to see TEC has given emphasis to showcasing its organisational commitment towards embedding Te Tiriti, within the text of its SPE. As advised in our end of year performance assessment [METIS 1241858], it will be important for TEC to understand how it can further embed Te Tiriti and the obligations outlined within Section 4 of the E&T Act, in other aspects of its work programme, such as in the careers space. Reflecting how TEC will give effect to these obligations, as well as how it will continue to build internal capability to effectively engage with Māori, should be incorporated as part of its strategic intentions or output measures in future documents.

48. The current operating environment is complex, with multiple dependencies and system changes occurring which will impact on TEC's operational performance long-term. It will be important for TEC to have strong intervention logic to be able to manage these complexities. We would hope to see this demonstrated through the development of its new SOI, to help drive TEC's strategic performance, and continued response to supporting New Zealand's recovery from the COVID-19 pandemic. TEC will also need to reflect how it will align its performance measures to achieving the goals of key system drivers such as the TES.

49. As we have previously advised, TEC has reconsidered the scope and phasing of the Data Exchange Programme (formerly Data 2020). This is in part due to the impacts of the COVID-19 pandemic, and to better support alignment to the changes and readiness of the sector amongst RoVE implementation. The Data Exchange Programme project will be

working with the Unified Funding System project to identify changes required to TEC's collection system to support the implementation of this key RoVE initiative. We will provide a deep dive over this work programme within our analysis over its Quarter three performance. As part of this work, we will work with TEC to understand how it intends to use data to inform qualitative and quantitative performance measures long-term.

50. Understanding the impact of RoVE on TEC's functions continues to be a priority for our monitoring discussions, and its future performance measure development. We understand there is work progressing to support TEC's internal operational readiness for RoVE, as outlined within the narrative section of its draft SPE. It will be good to see TEC consider as it is developing its RoVE performance measures moving forward, how it will engage and consult with Māori to meet the obligations of Section 4 of the E&T Act.

51. You have previously indicated to TEC that implementing the Education Work Programme – EWP 2021 will be a specific priority for the education sector this year [METIS 1250213]. It would be good to see reference to how TEC intends to align its performance measures against this and TES, be made more explicit within its final SPE.

How We Will Stay On Top Of Performance

52. As the monitoring agency, we will work with TEC to monitor performance against its 2021/22 SPE by:

- seeking information over the delivery of its core regulatory functions as TEC increases its focus on embedding the key education system priorities, strategies, and work programmes
- understanding the work TEC is doing to improve its performance reporting, including its review of regulatory measures, refinement of its equity measures and the measurement of the effectiveness of its work to implement the NELP and the TES and their impact on the system
- using monitoring frameworks to assess TEC's performance against key areas of growth and risk, such as equity, investment, and digital and data services. An example of the Digital Data monitoring framework is attached as Annex C
- utilising TEC's annual report to provide you with trend analysis of performance over time
- engaging with officials across TEC and the Ministry on key change projects
- facilitating bi-yearly joint Chair meetings between the Chairs of the education Crown agencies and education Board chairs so they can consider sector issues, share lessons learned and issues arising,
- engaging with the Board Chair, and
- attending TEC's operational performance management meetings as an observer, to understand its financial and non-financial performance.

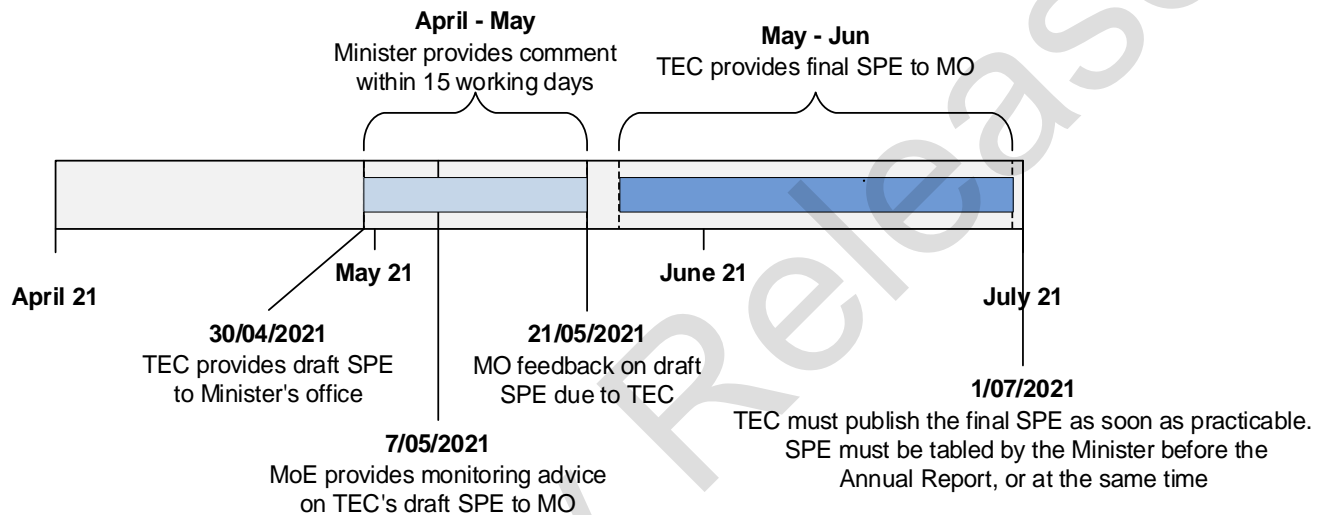
53. We will also continue to work with TEC on its performance framework as it continues to mature its measures.

Next steps

54. As TEC sent its 2021/22 draft SPE to you on 30 April 2021, under Section 149L of the CE Act, you will have 15 working days to forward any comments to TEC. We have provided a draft letter from you to Jenn Bestwick, Chair of the TEC Board, for this purpose (Annex B). This will need to be sent by 21 May 2021 (see Figure 2 below).

55. TEC must consider your comments. It then provides the final SPE to you as the responsible Minister no later than start of the financial year. After providing the final documents, the Crown entity must publish them on its website as soon as practicable.
56. The SPE must be tabled by the responsible Minister. This can be done before the Annual Report for the previous year is presented, or at the same time (Section 149 and Section 149L of the CE Act).

Figure 2: SPE timeline



Annex A: High-level financial context

Summary

TEC has budgeted an overall net deficit of \$2.00m in the 2021/22 financial year (FY22). This is made up of a \$4.04m operating deficit and ad \$2.03m grant surplus.

The operating deficit has two main drivers:

- expenditure on projects, for which funding was received in FY21, and
- project activity that is being self-funded i.e. the online careers planning solution.

The operating deficit will be funded from TEC's balance sheet reserves and is part of a planned programme to run deficits over the next four years before returning to a neutral position.

The small grant surplus is due to forecast prior year recoveries. All grant funding received is anticipated to be fully allocated and at present there is no plan to have to utilise the balance sheet to fund a grant deficit.

TEC's equity position remains stable and it has the reserves to fund the planned deficits. TEC's equity is budgeted to increase in FY22 despite the budget deficit because of a \$6.5m capital contribution, related to the bid for the online careers planning tool TEC has submitted for the 2021/22 Budget.

The one balance sheet movement that is worth noting is the reduction in the pre-purchased English Language Tuition (PELT) liability to \$14.29m. This balance had a historic high of \$27.3m in FY18 and has been reducing ever since. The recent decline is a direct result of the COVID-19 pandemic, with the reduction in migrants since the borders closed in 2020.

The financial information contained within the SPE is based on facts known at the time of preparation and is subject to change because

of Budget announcements, changes to student demand forecasts and operating assumptions. It is likely that the actual performance and position will differ from the SPE and we will report on this in future monitoring reports.

Table 1. Financial performance

\$'000	FY22B	FY21F	FY20	FY19
Operating				
Revenue				
Government grants	65,198	81,740	69,918	69,090
Other	1,870	3,998	5,154	6,035
	67,068	85,738	75,072	75,125
Expenditure				
Personnel expenses	(43,896)	(54,085)	(49,154)	(46,071)
Other operating expenses	(22,290)	(27,034)	(22,365)	(26,378)
Depreciation & amortisation	(4,917)	(4,368)	(6,041)	(5,090)
	(71,103)	(85,487)	(77,560)	(77,539)
Net surplus/(deficit)	(4,035)	251	(2,488)	(2,414)
Grants				
Revenue	3,818,564	2,577,742	4,422,131	3,060,741
Expenditure	(3,816,531)	(2,624,108)	(4,420,737)	(3,054,222)
Net surplus/(deficit)	2,033	(46,366)	1,394	6,519
Overall				
Net surplus/(deficit)	(2,002)	(46,115)	(1,094)	4,105

Table 2. Financial position

\$'000	As at 30 June 2022 (Budget)	As at 30 June 2021 (Forecast)	As at 30 June 2020	As at 30 June 2019
Assets				
Current assets	631,523	656,564	1,789,981	560,814
Non-current assets	33,263	26,180	16,556	19,700
	664,786	682,744	1,806,537	580,514
Liabilities				
Current liabilities	557,003	579,290	1,665,303	437,856
Non-current liabilities	1,432	1,568	1,700	1,877
Total liabilities	558,435	580,858	1,667,003	439,733
Equity	106,351	101,886	139,534	140,781

ANNEX B: Letter to Chair of the TEC Board (next page)

Proactively Released

Jenn Bestwick
Chair
Tertiary Education Commission
PO BOX 27048
WELLINGTON 6141

chair@tec.govt.nz

Dear Jenn

I have received the Tertiary Education Commission's (TEC) draft Statement of Performance Expectations (SPE), as well as the Ministry of Education and Ministry of Business, Innovation and Employment's assessment and advice. Thank you for providing me with this information.

The current operating environment is complex and I appreciate TEC continuing to be agile in its response to ensure it could continue to deliver on business-as-usual activities, while adapting to the significant number of Government reforms and tertiary system strategies. I understand it is difficult to create appropriate system output measures given this change in system context and the need for an updated Statement of Intent (SOI). I note with interest the work TEC is doing to refresh its strategic framework and how this will inform the development of its future SOI.

It will be important future performance measures are strongly aligned with key system drivers and key work programmes, including the *Tertiary Education Strategy*, the wider Education Work Programme – EWP 2021 such as the Reform of Vocational Education, Careers, equity, especially the inclusion of the disabled community as part of the Unified Funding System categories, and All-of-Government obligations, such as the Government's recent announcement to have the public sector be carbon neutral by 2025.

It will also be important for TEC to work with the Ministry and other key sector partners to help develop performance measures which reflect TEC's impact on the system and for learners, as well as reflect its changing role within the system. This is particularly important for the Careers and RoVE work programmes, as Te Pūkenga and Workforce Development Councils continue to operationalise, and TEC moves from funding and monitoring sixteen entities to one. It is also critical for TEC to have sufficient Careers measures for increased transparency for how it measures performance in this space.

As mentioned in my response to TEC's Quarter 2 report, I am interested in the work programme to develop a new data collection platform. I look forward to hearing more about this, and the remainder of TEC's work programmes, in coming quarters.

Yours sincerely



Chris Hipkins
Minister of Education

cc Tim Fowler, Chief Executive, TEC
cc Emily Fabling, Deputy Secretary, Strategy, Planning and Governance,
Ministry of Education