Education Report: Tertiary Education Commission – Quarter 2/3 2021/22 performance

To:	Hon Chris Hipkins, Minister of Education		
Date:	13 July 2022	Priority:	Medium
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Drafter:	Jennifer Heersping	DDI:	04 463 7734
Key Contact:	Fiona O'Leary	DDI:	04 463 0910
Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This paper provides our assessment of the Tertiary Education Commission's (TEC) performance over the Quarter 2 and 3 (Q3) 2021/22 performance of the Tertiary Education Commission (TEC).

Summary

- In line with business continuity plans to manage significant COVID impact on the team, we have reduced the frequency of our monitoring reports across the entities. We have opted to provide a combined report for the Q2 and Q3 period. TEC has continued to provide us with regular updates across this period.
- A key monitoring focus for us at the moment with TEC is on the Careers Functions and associated work programmes. We are currently meeting with TEC on a monthly basis in this area.
- TEC has made significant progress in implementing its career platform Tahatū. We have recommended that the proposed benefits are reviewed based on the Independent Quality Assessment. The National Careers Strategy has a very tight timeframe with the goal of completion in October and TEC has committed more resources to this to help ensure they are well placed to meet the timeframes.
- TEC's internal Reform of Vocational Education (RoVE) project is beginning to wind down and is being incorporated into BAU roles. Medium to longer term operational model changes (people, processes, systems, technology) are still being worked through. It is unlikely that there will be significant efficiencies in the short term, particularly in the TEO monitoring space. Monitoring of Te Pūkenga remains complex, and TEC continues to work with the entity to incorporate recommendations from the independent review.
- 9(2)(f)(iv)

- Resourcing remains a challenge due to a tight labour market and financial restraints. TEC is having to look at other incentives, such as career development opportunities, to retain staff.
- TEC continues to implement its Learner Success Framework and is establishing a community of practice amongst TEOs to share successes, test thinking, and workshop ideas.

- In the digital and data space, the Data Exchange Programme (DXP) remains on track to be delivered in June 2022. Work on the Data strategy continues, and TEC understands the need to ensure key work streams, such as Careers, the Unified Funding System (UFS), the Investment Function Redesign (IFR) are well connected throughout development.

Recommended Actions

The Ministry of Education recommends you:

    a.   **note** our report on TEC's performance in Quarter 2 and 3

<div align="right">Noted</div>

    b.   **sign** and **send** the letter to Jenn Bestwick on TEC's performance for this period

<div align="right">Agree / Disagree</div>

    c.   **agree** that this Education Report is proactively released as part of the next publication

<div align="right">Release / Not release</div>

Rob Cambell
Acting Hautū - Te Puna Rangatōpū
13 / 07 /2022

Hon Chris Hipkins
Minister of Education
__/__/____

Proactive Release

It is intended that this Education Report is proactively released 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.
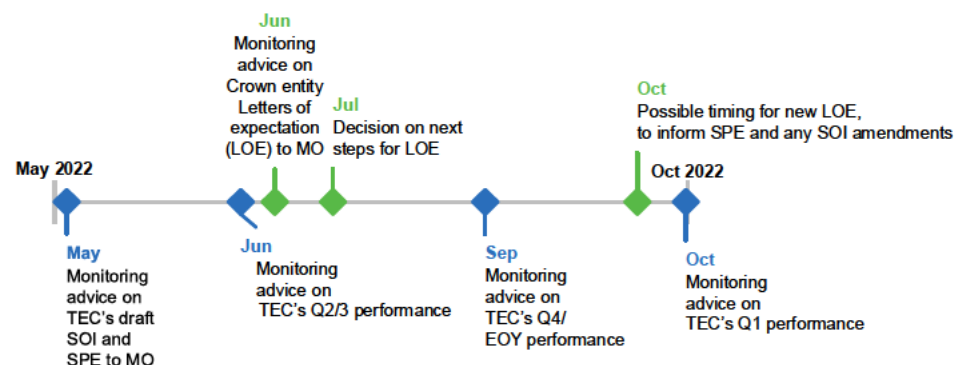
Key points

- In line with Business continuity plans to manage significant COVID impact on Monitoring and Appointments team, we have reduced the frequency of our monitoring reports across the entities. We have opted to provide a combined report for the Q2 and Q3 period. TEC has continued to provide us with regular updates across this period.

- TEC has a good plan in place for the Careers platform and stronger accountability mechanisms to monitor progress. Work on the National Careers strategy is progressing under a very ambitious timeframe with a launch planned for October 2022. TEC is committed to ensuring the strategy meets the needs of all its customers, and that engagement, particularly with iwi, is well thought through.

- Resourcing and capacity challenges continue, this is exacerbated by pay restraints and the inability to remain competitive on salaries.

  Operating plans for WDC's have been received and most 9(2)(f)(iv)

- The internal RoVE workstream is being embedded as BAU and the project is winding down. Medium to long term organisational changes are being worked through and it is unlikely TEC will have significant efficiencies in the short term, due the increasing complexity of the system.

- Monitoring of Te Pūkenga remains complex and recommendations of the independent review are being worked through. TEC is not expecting efficiencies in the short term as the larger organisation has an increased risk profile, requiring more extensive monitoring.

Upcoming reports

May 2022

May Monitoring advice on TEC's draft SOI and SPE to MO

Jun Monitoring advice on Crown entity Letters of expectation (LOE) to MO

Jun Monitoring advice on TEC's Q2/3 performance

Jul Decision on next steps for LOE

Sep Monitoring advice on TEC's Q4/ EOY performance

Oct Possible timing for new LOE, to inform SPE and any SOI amendments

Oct 2022

Oct Monitoring advice on TEC's Q1 performance

Priority areas for monitoring

Over the next quarters, priority areas will include:
- Implementation of RoVE,
- Investment and monitoring functions,
- The National Careers Strategy and Tahatū,
- Data Exchange Platform,
- Cybersecurity (organisation and tertiary system) and wider digital and data needs,
- WDC's advice function,
- Delivery and implementation of key workstreams such as the UFS, DXP, IFR and any long-term shifts required, and
- The relationship between Ōritetanga and the Learner Success Component of the UFS.

Financial performance Q3

Financial performance operating summary

$'000	YTD22 Actual	YTD22 Budget	YTD21 Actual
Revenue	60,117	59,100	64,048
Expenditure	(61,773)	(62,305)	(61,108)
Net surplus/(deficit)	**(1,656)**	**(3,205)**	**2,940**

Financial position summary

$'000	As at 31 Mar 2022 Actual	As at 31 Mar 2022 Budget	As at 31 Mar 2021 Actual
Cash and investments	83,378	68,875	102,104
Equity	118,130	107,222	151,267
Working capital ratio	1.19	1.19	1.30

We meet with TEC every quarter and TEC provides us with updates and key activities from the preceding quarter. Highlights of Q2 are outlined in the following sections. We also attend the TEC monthly Operational Performance Management meeting which provides an overview to us on its operational performance.

Advice on Letters of Expectations and influencing performance

Our advice (METIS 1286624 refers) on TEC's 2022/23 Statement of Performance Expectations and 2022/23-25/26 Statement of Intent was provided to you on 5 May. In response, you requested further advice on levers to influence performance measures.

We will provide this to you shortly. We are also expecting to provide advice over the Crown entity Letters of Expectations, whether they require any updates and options for timing.

Reform of Vocational Education (RoVE) - what it means for TEC

The Reform of Vocational Education along with other key change initiatives within the tertiary system such as the Unified Funding System, mean that TEC is managing a complex internal work programme. From a monitoring perspective the complexity and interfaces between the various programmes make this one of the more difficult areas to monitor.

It will take some time for RoVE to become a mature system. This means any efficiencies within TEC in responding to the reforms are unlikely to be seen in the short or medium term. Furthermore, it is our understanding from the monitoring conversations we have held with TEC, that because the system has new entities (WDCS and a transforming Te Pūkenga) and a new method of funding, the monitoring function role is unlikely to reduce in size over time and may require further resourcing to ensure TEC is effectively carrying out its regulatory functions.

Both TEC and NZQA have taken an organic approach to embedding changes in its business functions as the changes in RoVE take effect.

TEC has an internal RoVE readiness project that is designed to put in place operating changes in step with the maturity and readiness of the sector. As monitors we have been asking to understand the medium to longer term operational model changes (people, processes, systems, technology), this is still at an early stage and being worked through over time. TEC is giving us quarterly updates on its work programme and any challenges and opportunities they face, and we will continue to update you through our quarterly reports. At this time, RoVE changes are being incorporated into core business functions.

It will be important for TEC to understand it's impact in the tertiary sector and for it to be able to measure its performance during the implementation and establishment of RoVE changes in the system. This is an important area for us as monitors and we understand the work that the wider RoVE programme is carrying out on having system wide impact measures will help and support TEC in its measurement development.

It will be important that TEC as an organisation, is taken on the journey of RoVE changes so that it is clearly understood by all staff and inform the way they work. It is important that the success of implementing RoVE into TEC is not dependent on a few critical people. TEC have been active in addressing this and have an internal knowledge base to make RoVE Information sheets and associated documentation available to all relevant staff to support engagement. It is currently establishing a BAU team whose role it is to monitor the performance of the WDC's and to support TEC's engagement with the WDC's and Regional Skills Leadership Groups (RSLG's).

Key updates from TEC in this quarter include:

- **Work Force Development Councils (WDCs)**

TEC has recently received WDCs' operating plans which is providing a level of visibility on both the maturity levels across the WDCs and financial positions. 9(2)(f)(iv)

9(2)(f)(iv) ongoing system inflation pressures may also have an impact on organisational structures to stay within their fixed envelope of funding. Moving forward the next report from WDCs will be the establishment report. TEC's monitoring team's focus will remain on how WDCs are demonstrating that they will achieve a break even position downstream and working within baselines

WDCs are using a shared services model run by Hāpaitia. The Shared Services Centre provides leadership and support for WDCs' functions including finance, technology, procurement, human resources, learning and development, and facilities. TEC has advised there are strong working relationships in place and that engagements have been positive. This is important as TEC has limited ability to request information from Hāpaitia over the shared functions and monitoring relies on a trusting, free and frank relationship.

WDCs' funding for 22/23 is currently being finalised. TEC is also working through end of year reporting, which for 21/22 mainly focuses on establishment. One key aspect of the review will be looking at how well WDCs are working within the legislative functions

- **Monitoring of Te Pūkenga**

TEC is actively monitoring Te Pūkenga and has a robust monitoring plan and escalation approach in place. TEC's monitoring team is working closely with Te Pūkenga following on from the recent independent review to ensure that the recommendations are being addressed and appropriate mitigations are being put in place to address risks. Te Pūkenga remains an area of high concern for the TEC Monitors and TEC will need to continue to have a high engagement and monitoring approach in the medium term.

In response to our Q1 monitoring advice [METIS 1275229 refers], you queried what resource implications there were for TEC as it shifts from monitoring one entity rather than 16 and whether there is likely to be additional resources available for reprioritisation. Moving the number of providers from 16 to 1 (into Te Pūkenga) will not create efficiencies in the short-medium term and is unlikely to shift the monitoring resource model within TEC long term. This is because the monitoring environment in the tertiary sector is more complex and the associate risks that are inherent when setting up new entities (including WDC's) mean that TEC's monitoring function needs to take an active engagement role, be across more monitoring areas (beyond financial reviews) and review and analyse more information. Once the system is more mature (in the medium to long term) then we would expect that TEC would undertake an internal review of the monitoring function to confirm the monitoring operating model moving forward, this may also include looking at the existing relationship management model.

- **TEC investment process**

2023 investment round

TEC has a cross-directorate Investment Design Group (IDG) which will set the direction for delivering the 2023 investment round. The group is shaping approaches to indicative allocations, additional funding (for both 2022 and 2023), and assessment. The endorsement of the approaches will sit at TEC leadership level.

TEC is planning their overall communication approach to the sector in relation to the 2023 investment round. It is good to see early planning in this area. TEC has assured us that the UFS and IFR changes are being integrated into TEC's investment processes. This is being managed by having the business owners of the UFS and IFR projects on the IDG.

2022 funding

ELT and the TEC Board have also endorsed a targeted approach for issuing additional funding for 2022, where TEC will identify providers with good performance in strategically important areas, rather than inviting requests for additional funding on an open basis to able providers.

The April Single Data Return (SDR) is suggesting a decline in enrolments over 2022 for the majority of providers. This is being factored into the approach TEC will take to indicative allocations and additional funding.

There is a lot of work happening in the investment process space across TEC, and significant pressures on resources, as people move out of core business teams into project roles. The teams are working together to mitigate this by collaborating and prioritising activity to ensure TEC are ready to make funding decisions in the second half of the year.

Using staff from the business to resource in projects will ensure that TEC retains the institutional knowledge in the new functions when the staff return to their core roles after the projects conclude. This knowledge would be lost if TEC used contract staff in the projects. TEC is aware of the workload that the change programme places on its staff and it is a regular reporting item at TEC's Operational Performance Management meeting which we attend as observers. TEC is also actively discussing talent retention and the impact of a higher than usual turnover of staff.

Resourcing

TEC has put in place business continuity planning to support key work streams over the coming months. Staff are being redeployed as necessary to support critical work streams, and plans are in place to manage significant absences including ensuring institutional knowledge is documented.

Resourcing remains a challenge for TEC, particularly in the IT and finance areas. There is significant market pressure particularly from a salary and budget perspective which is impacting TEC's ability to attract and retain staff. TEC is looking at ways it can utilise and upskill existing staff as well as training new staff from a more junior level through mechanisms such as graduate programmes.

Through all of our monitoring engagement with the Education Crown entities, inconsistent remuneration expectations, mean they are unable to compete with larger agencies, as pay bands for like roles are significantly lower.

Data and digital

Across early 2022, we engaged with TEC on progress of key work streams in the data and digital space. The Data Exchange platform development and roll out remains on track for delivery in June 2022. Deployment of the platform is being planned to ensure the sector is well prepared, particularly as is it currently undergoing experiencing pressure from the ongoing omicron outbreaks.

TEC is progressing work on developing its data strategy. The strategy recognises that data is a fundamental enabling capability for TEC and will help drive TEC's goals of being learner centric, culturally affirming and equity minded. It will also strengthen how TEC governs and shares data which is important as it further engages with WDCs and RSLGs.

TEC is also looking at other data-sharing agreements it has in place, for example with New Zealand Qualifications Authority (NZQA), Stats NZ and the Ministry, to understand if these will need to be updated to reflect the new platforms.

The initial focus for Careers, from a data perspective, is the current state of the system. This includes understanding key roles, responsibilities, and interdependencies. Once the current state is fully worked through TEC will identify the future data requirements.

TEC is working closely with the Ministry to ensure that Tahatū meets the needs of the compulsory education sector and any training required to use the new platform is widely available.

Careers

Tahatū (previously known as Tiro Whetū)

Since the Independent Quality Assessment (IQA) review completed in late 2021, TEC has been working at pace to address recommendations. Moving key workstreams in house means TEC has greater control of decision-making and can ensure greater connections to TEC and other TEC flagship work programmes. External support is still being utilised for more technical roles such as building the platform, but TEC is requiring regular check ins and detailed costings and updates at regular milestones to ensure strong accountability mechanisms are in place.

The existing platform (careers.govt.nz) will remain in place for longer than originally intended, however TEC has assured us that the vendor will continue to support the platform in the interim.

The focus for the new platform is to ensure a solid foundation is in place and that the critical components of the platform are working well. TEC can then direct its attention towards additional features. TEC has advised it will continue to fund this within baselines. It is important that any current functions of the Careers NZ site are appropriately transferred and improved upon before the new platform replaces it, to ensure continuity of service for customers.

A detailed implementation plan is underway, including working through future resourcing needs and interdependencies into with other work programmes. We have recommended to TEC that they should consider carrying out a recalibration exercise over its planned benefits to test whether timing and scope of benefits are still relevant or achievable.

TEC is aware that it needs to work through privacy implications before the launch, particularly around tools that may hold customers' personal information such as the CV builder tool. An independent assessment of the existing Careers website has been undertaken which has identified a number of recommendations. These will also be reflected in the current and developing website.

User testing is another key focus over the coming months, which is important in ensuring the platform meets the needs of a diverse range of customers. This will include priority groups such as ākonga Māori and Pacific students, as well as careers advisors. This will also highlight any additional support TEC needs to provide to build capability with users to ensure the tool can be effectively utilised.

National Careers Strategy

TEC has been focusing on confirming an approach to engage with key stakeholders on the National Careers Strategy. TEC has contracted expert advisors to support Iwi engagement and ensure the process will empower appropriate engagement with Māori, including whānau, hapū and iwi.The expert advisory panel will lead engagement with principals, STA, a range of NGOs, and local councils to understand their perspectives on careers.

A stakeholder engagement project manager has also been brought into the project to coordinate the approach across other customers and stakeholders. This will include a range of government departments including MBIE, Ministry of Social Development (MSD), Te Puni Kōkiri (TPK), MOE; career focused organisations including (Career Development Association of New Zealand) CDANZ and Careers and Transition Education Association NZ Inc. (CATE), as well as NZUSA and Auckland University of Technology (AUT) to provide a learner perspectives. TEC is also looking to leverage existing relationships through partners such as RSLGs to capture views from the sector.

Workshops will be run by an external facilitator, with the various stakeholders and customers, and they will be targeted to specific interests and needs of these groups.

It is good to see TEC is engaging additional resources to support this work. TEC acknowledges it is important to balance the need to progress this work at pace, with ensuring the final product is fit for purpose and meets the needs appropriate of for all its customers.

An exercise is also being undertaken to ensure the national strategy reflects and aligns to other relevant government strategies and priorities, particularly those in the employment space.

Performance measurement is a key area of improvement across the careers work programme. We are expecting to see a suite of measures which that appropriately reflect the role, functions and impact of TEC, as well as the wider Career strategy streams. Understanding roles and responsibilities across the system will be an area TEC needs to work through as it develops its measurement framework. TEC needs to understand who is responsible for delivering on streams which may sit outside of TEC, as well as who will report on progress across the work programme. Further to this, we are also expecting stronger measures to be incorporated into TEC's SOI and SPE as this is a current gap.

TEC has an ambitious timeframe for the completion of this work, aiming to have the strategy in place from by October 2022. We will be seeking regular updates as this work progresses.

Delivery

Work Connect

TEC has managed an annual contract with MBIE to run the Work Connect programme which helps eligible migrants prepare for the New Zealand job market for the past 5 years.

The programme is currently funded from the migrants levy, and as immigration has been heavily impacted by the COVID-19 pandemic, the income stream has been reduced significantly. Due to the limited need for new uptake across 2021 and early 2022, TEC has been focusing on providing additional support for existing clients and their partners. This focus may now need to shift as border restrictions ease. MBIE have signalled that this contract may not receive funding post June 2022.

Given the contract for the programme is issued on an annual basis, it can be difficult to maintain and recruit staff. This means there is a strong reliance on contractors in this area and in a tight labour market and it is difficult to fill vacancies.

Pacific Work Connect was a target stream of the programme. It was run as a pilot over 2021/22. The pilot was very successful at connecting migrants from the Pacific with employment opportunities. Given the pilot was time limited TEC will have to wind down the programme if additional funding isn't received to continue in 2022/23. The Ministry of Pacific People is looking to secure funding for 22/23.

Fees free

Based on current policy settings, TEC remains well placed in its operation of Fees free. TEC is looking at bringing the management of the Fees free website inhouse, alongside other existing web functions, for cost saving purposes and to make updates easier.

Supporting systems and processes continue to run smoothly and TEC advises there are strong and positive relationships with providers, so they are comfortable raising any concerns or challenges they are facing e.g. around application of eligibility criteria.

Equity

Since we last engaged with TEC on its Ōritetanga learner success work programme (in Q3 2021), TEC has been focusing on taking the

learnings from the initial pilots and embedding them into BAU. The focus now is implementing Ōritetanga the Learner success programme at scale. Initial focus will be on TEIs with the intention of rolling out to other providers within 2-3 years. This approach will help address capacity challenges and also allow further learnings to be addressed before wider roll out.

A key performance indicator (KPI) has been put in place by the Board to ensure TEI councils (including all universities and wānanga) have an endorsed learner success plan for the 22/23 financial year. This will provide an accountability mechanism to ensure the work remains a priority for TEC.

TEC is looking to develop a community of practice with the initial institutions so that best practice, learning, challenges and opportunities can be shared and workshopped together. A 'self-service' tool kit will also be developed to support providers with implementing the Learner success framework.

TEC is aware it is important this area is well connected to flagship projects such as the Investment Function Redesign, Unified Funding System and others, as the team provides a critical lens from an equity perspective. This lens is also feeding into other key work streams such as understanding what future data needs the system has to support for in order for it to operate effectively e.g. further information about learners with disabilities.

Leadership and governance support remains a key factor for successful implementation of the learner success approach. To support this, the approach is being driven by the whole of TEC's ELT and both the Board and CE are actively engaging with relevant providers, councils and stakeholders to understand their needs and views. This will remain a priority as the project continues.

The COVID-19 pandemic continues to have a significant impact on the tertiary sector. While this may impact providers capability or ability to engage with TEC, there is a high level of support for the work and its importance, so TEC does not expect any significant delays at this stage.

Next quarter, we will be looking to engage on the relationship between Ōritetanga and the Learner Success Component of the UFS.

EPMO

TEC has now finalised its prioritisation approach for 2022/23. Projects are categorised under five flagship programmes (RoVE, Learner Success, Careers, Investment and People, Processes and tools) and a risk-based assessment is completed for each. The assessments explore implications of progressing, delaying or stopping activities, as well as any implications of for staff capacity and capability.

TEC's enabling strategies, and in particular the Tertiary Education Strategy, are key drivers of the EPMO's prioritisation approach.

Benefits, performance and assurance

The EPMO is aware that it is important to be able to highlight the benefits and impacts of the projects being progressed. Regular reports are provided to the ELT and Board across key projects, tracking progress and highlighting any risks or interdependencies.

Health checks on individual projects are also provided to programme sponsors, including advice on escalation points. Detailed advice is also provided to the CE to address any risks or concerns about delivery.

Independent Quality Assessments (IQAs) are a tool that can be used to provide a view across programme which may need detailed advice across areas to strengthen. The Board has an opportunity to feed in their views about areas these should focus on. As you are aware, an IQA over Tahatū was completed in November 2021, and TEC provided advice to you on how it intends to respond to the recommendations of this IQA on 8 March 2022. We will continue to engage with TEC on progress in this area.

Implementation of Portfolio management tool (PSODA)

The portfolio tool PSODA has been fully implemented across TEC for project management and tracking. Next steps include automating a number of processes, developing further governance and benefit realisation reporting, and looking at exploring agile models to which could add value to the organisation. We see TEC as being the most mature across the entities we monitor in the enterprise portfolio management space and in benefits analysis. We have suggested to New Zealand Qualifications Authority and Education New Zealand that they connect with TEC so that TEC can share its best practice. TEC is also looking at how it further strengthens its impact and benefit analysis work.

Future engagement

In future engagements we will look at how alignment of change impacts and interdependencies across the sector are further built into the EPMO functions.

Challenges and opportunities for TEC in 2021/22

Some of the key challenges, opportunities, and priorities we have identified through our monitoring activities, and which will inform our future engagements into 2021/22 include the following:

- complexity of system changes and connections between workstreams through the changes,
- staffing and resource pressures, including recruitment and retention challenges, which are a system-wide challenges,
- Mātauranga Māori capability and meeting Te Tiriti obligations, which are also system-wide challenges,
- ongoing impact of COVID-19 and increased work as a result of the changing landscape of the pandemic response expanding further beyond the health portfolio and into the sector facing agencies to manage,

- monitoring of Te Pūkenga, ensuring strong measures and reporting are established,
- managing staff and sector wellbeing through a time of immense pressure and change,
- all-of-government carbon targets where thinking needs to begin now for the entity to be well placed downstream when the requirements come into effect,
- delivering on an ambitious careers work programme including the development of the National Careers Strategy under tight time frames,
- delivery and implementation of key workstreams such as the UFS, DXP, IFR and any long-term shifts required and,
- establishing the operating model with the WDCs and working through how the advice function will work.

Cultural competency

He Marae Tangata is a programme of work established by TEC to build cultural competency across the organisation.
He Marae Tangata is focused on developing our people's capabilities in three key areas:
- being learner-centred,
- equity-minded, and
- culturally affirming.

As part of this TEC is working to develop a cultural competency framework and assessment which will aid staff in identifying capabilities they should focus on building.

TEC is working through options for this work programme and sees it as key in embedding Te Tiriti across the organisation. We will provide further updates as this work progresses across the year.

Financial Performance – Quarter 3 2021/22

Overview

TEC delivered an operating deficit of $1.656m in the period 1 July 2021 to 31 March 2022 (YTD FY22) and a grant surplus of $0.294m.

The operating performance was ahead of budget, largely as a result of programme and project cost being lower than anticipated as a result of Covid impacts and higher than usual vacancies.

TEC has additionally agreed to move $3.0m of funding for the Unified Funding System implementation into the next financial year. The cost associated with this revenue has also been deferred, resulting in no impact on financial performance in FY22.

TEC has forecast a $2.9m operating deficit for FY22, which is an improvement on its budget deficit of $4.0m. This is driven by the abovementioned points, which have been offset by additional expenses resulting from a change in accounting treatment connected with cloud computing costs. This change accelerated the recognition of $3.1m of expenses. This expense has no impact on cash

There is no change in TEC's financial sustainability and it remains in a healthy financial position.

Prior identified risk to the grant funding position has dissipated as early indications point to a 6% reduction in SAC level 3 enrolments in 2022. As such, TEC will not have to use the balance sheet mechanism in the current financial year.

Table 1. Financial performance

$'000	YTD22 Actual	YTD22 Budget	YTD21 Actual
Operating			
Revenue			
Government grants	57,531	57,922	61,259
Other	2,586	1,178	2,789
	60,117	59,100	64,048
Expenditure			
Personnel expenses	(41,169)	(42,654)	(39,139)
Other operating expenses	(16,119)	(16,516)	(18,567)
Depreciation & amortisation	(4,485)	(3,135)	(3,402)
	(61,773)	(62,305)	(61,108)
Net surplus/(deficit)	**(1,656)**	**(3,205)**	**2,940**
Grants			
Revenue	2,808,089	2,827,292	1,475,295
Expenditure	(2,807,795)	(2,825,767)	(1,472,143)
Net surplus/(deficit)	**294**	**1,525**	**3,152**
Overall			
Net surplus/(deficit)	**(1,362)**	**(1,680)**	**6,092**

Table 2. Financial position

$'000	As at 31 Mar 2022 Actual	As at 31 Mar 2022 Budget	As at 31 Mar 2021 Actual
Assets			
Current assets	601,054	466,419	563,152
Non-current assets	23,931	33,598	21,763
	624,985	500,017	584,915
Liabilities			
Current liabilities	505,432	391,326	432,061
Non-current liabilities	1,423	1,469	1,587
Total liabilities	**506,855**	**392,795**	**433,648**
Equity	**118,130**	**107,222**	**151,267**

Hon Chris Hipkins

MP for Remutaka
Minister of Education
Minister of Police
Minister for the Public Service
Leader of the House

Jenn Bestwick
Chair
Tertiary Education Commission
PO BOX 27048
WELLINGTON 6141

By email: chair@tec.govt.nz

Dear Jenn

Thank you for the Tertiary Education Commission's (TEC) Quarter 3 2021/22 report. I have also received the Ministry of Education's (the Ministry's) advice on TEC's performance for the Q2 and Q3 period.

I have now tabled TEC's final 2022/23 Statement of Performance Expectations and 2022/23-25/26 Statement of Intent. I am expecting some advice on influencing performance measures across the education Crown entities from the Ministry of Education's monitoring team shortly and would appreciate TEC's input in this. I will also be looking at options for future Letters of Expectation.

In the coming quarter I have asked the monitoring team to provide further updates on TEC's role in the Unified Funding Systems (UFS) work. In particular, I am interested in hearing more about the relationship between Ōritetanga and the Learner Success component of the UFS.

Careers remains a key focus for me, and I look forward to further updates across the quarter.

I was pleased to hear about He Marae Tangata, TEC's cultural competency work and am interested in further updates as this work progresses.

Thank you for your continued leadership as Board Chair, in what remains a challenging and fast paced environment.

Yours sincerely

Chris Hipkins

Minister of Education

cc   Tim Fowler, Chief Executive, TEC
cc   Zoe Griffiths, Hautū – Te Puna Rangatōpū, Ministry of Education