
To: Hon Chris Hipkins, Minister of Education
Date: 25 November 2019
Security Level: In Confidence
Drafter: Jennifer Heersping
Key Contact: Fiona O'Leary
Messaging seen by Communications team: No
Priority: Medium
METIS No: 1199080
DDI:
Round Robin: Yes

Purpose of Report

This paper provides our assessment of the 2018/19 performance of the Tertiary Education Commission (TEC), and asks you to sign and send the letter to the Board Chair of TEC relating to the entity's performance.

Recommended Actions

The Ministry of Education recommends you:

a. note that TEC published the Annual Report on 14 November 2019, following it being tabled by you on 11 November 2019

Noted

b. note our assessment of TEC's performance for the 2018/19 year

Noted

c. note that you have the opportunity to provide an early indication of changes you would like to see in TEC's performance measurement through this report

Noted

d. sign and send the attached letter to the TEC Board Chair

Agree disagree
e. proactively release this Education Report as part of the next publication

[Signature]

Emily Fabling
Deputy Secretary
Strategy, Planning and Governance
25/11/2019

[Signature]

Hon Chris Hipkins
Minister of Education
6/1/20
Background and statutory requirements

1. The Crown Entities Act 2004 (the Act) sets out the statutory requirements that a Crown entity must comply with when preparing and publishing its Annual Report.

2. TEC received its final audit report on 7 October 2019. TEC provided you with its final Annual report on 29 October, it was tabled by you on 11 November and published on TEC’s website on 14 November.

3. As we feed into the development of TEC’s Annual Report we confirm it meets requirements for content (listed below) as part of this process. Any feedback is then incorporated by TEC before the final is provided to you. Comments on changes to measures then flow through into future Statement of Intent and Statement of Performance Expectation changes which we are currently working with the TEC.

4. Our advice covers TEC’s annual performance as well as monitoring engagement from September – November and therefore has been provided to you after TEC’s Annual report.

Requirements for content

5. The Ministry’s view provided to TEC during the process, was that TEC’s Annual Report for 2018/19 met statutory requirements for content. The requirements for the content of an annual report are set out in sections 150-156 of the Crown Entities Act 2004 and include having compliant information about the entity’s:
   a. final audit
   b. responsibility and Board
   c. organisational capability, and
   d. annual financial statements.

6. Detailed financial and non-financial performance analysis is provided in the next section.

Proactive Release

7. 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.

Annexes

Annex 1: Careers assurance questions
Annex 2: Letter to Board Chair
Nigel Gould  
Chair  
Tertiary Education Commission (TEC)  
PO Box 27048  
WELLINGTON 6141

Dear Nigel,

I have received TEC's Annual Report for 2018/19, alongside the Ministry of Education's assessment. Thank you for sharing this information.

I am pleased to note that TEC has performed well against the measures set out in its 2018/19 Statement of Performance Expectations (SPE) and 2018/19 – 2021/22 Statement of Intent (SOI). In particular, I am pleased to see the progress made towards the impact measures.

I look forward to seeing how TEC's next SOI and SPE reflect the changes required to customer engagement as well as government and sector collaboration. These factors will be critical in ensuring positive social and economic wellbeing for New Zealand's learners.

It is good to hear TEC is thinking through its operational readiness for the Review of Vocational Education (RoVE). I look forward to hearing more about this early next year.

I appreciate the hard work of the TEC on what was an intense year, and would like to pass on my thanks to your staff for their efforts.

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
TEC Monitoring dashboard

Key points from TEC's report:

- TEC's 2019/19 Annual report details performance against its 2018/18 SRO and is the first year reporting against its 2018/19 → 2021/22 SRO.
- Building learner success through its parity work programme was a key area of focus. Learning from the learner success protocols that have been considered and TEC are looking at scalability and rollout to a number of TEOs.
- Fees free remains a focus with improvements being made to accessibility of information for TEOs and learners.
- TEC continues to work with MOE on the Careers System Strategy and progressing initiatives such as Inspiring the Future while maintaining the existing products such as the database and website.
- Various work streams are being progressed to support Government priorities for skill development and labor market in priority sectors.
- The TIP Roadmap and later, RoVE have been a major focus for TEC across the year.
- TEC strengthened its TEO monitoring to reduce risk of IT failure. Links to risk management were also strengthened.
- PSRF Review has been progressed.
- The Kia Rite change process has been implemented and outstanding vacancies should be appointed by the end of 2020.

Achievement over time:

- Performance against impact measures has fluctuated over time. In 2018/19 the number of measures met fell however as most of the measures have changed this is not easily comparable to previous years.
- The measures not met include two parity measures and completing agreed reviews of Centers of Research Excellence (CoRE) which were not planned for the 18/19 year.
- The number of output measures TEC reported against in 18/19 decreased from previous years. This is primarily because it removed a number of measures relating to careers services.

![Figure 1: Impact performance](image)
![Figure 2: Output performance](image)

![Figure 3: Sector output performance](image)

![Figure 4: Quarterly monitoring focus](image)

Key points from our monitoring:

- Our Letter of Expectations (LOE) environmental factors and the entities work programme. Figure 4 shows how monitoring focus areas relate to the 2018/19 LOE and how this has shifted across the year.
- Over 2018/19 demonstrating sustainable practices and responsive business systems has had an increased level of focus in recent quarters as we look at TEC's operational readiness for RoVE.
- Over time, TEC has had positive shifts towards being learner-focused. It is good to see an increasing emphasis on provider capability and learner parity. This has been a focus area across the year as TEC has progressed its learner success protocols.
- TEC is still working through how it will perform the work in terms of the change in the financial performance of the TECs system strategy and the initiatives that have been undertaken. As there are limited performance measures for Careers it is difficult to monitor progress and impact and this makes supporting information important. We have worked with TEC to develop a system of how and where we will monitor in order to provide you assurance on this part. This is the work behind Annex 1.

TEC End of Year Advice 2018-19

Financial performance and position overview

![Financial performance overview summary](image)

Customer and organisational health measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>18/17 Actual</th>
<th>17/18 Target</th>
<th>18/18 Actual</th>
<th>19/19 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of survey respondents that trust the TEC</td>
<td>43%</td>
<td>31%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core staff turnover</td>
<td>10.7%</td>
<td>10.8%</td>
<td>14%</td>
<td>14.22%</td>
</tr>
<tr>
<td>Core staff turnover</td>
<td>74.9%</td>
<td>63.8%</td>
<td>Benchmark (65%) or above</td>
<td></td>
</tr>
<tr>
<td>Availability of core ICT services and applications</td>
<td>99.9%</td>
<td>99.2%</td>
<td>98.5%</td>
<td>98.75%</td>
</tr>
<tr>
<td>Availability of core ICT services and applications TEC provides for TEOs</td>
<td>99.7%</td>
<td>99.2%</td>
<td>98.5%</td>
<td>98.75%</td>
</tr>
<tr>
<td>Level of staff engagement</td>
<td>74.9%</td>
<td>63.8%</td>
<td>Benchmark (65%) or above</td>
<td></td>
</tr>
</tbody>
</table>

- TEC reported against two new customer metrics this year. While they do not have targets as they are both in the baseline year, we would expect the results to improve significantly over time. TEC has provided assurances on the results for the future. The change in the result is reported on the impact of a change to its activities achieve. This feedback has been incorporated into TEC's performance framework improvement plan.

- TEC did not hold a staff engagement survey in 2018/19 and intends to run a survey in late 2019. In 2017/18 TEC's staff engagement fell – changes and uncertainty were cited as the main reasons. While TEC's Kia Rite change process is now completed, there is still at the system level a degree of change and uncertainty which may impact these results.
Non-financial performance – Monitoring focus areas September - November

Equity and Parity

Good progress has been made across 2018/19 with TEC’s learner success prototypes. Initial findings have shown positive results targeted to the needs of individual students. TEC is in the process of rolling out the programme to TEOs across the country and there is strong support from the sector.

In future reporting, once data becomes available, it would be useful to look at parity data at a TEO level to explore the shifts being made in participation and achievement for those involved in the prototypes.

Non-financial performance

TEC has taken a continuous improvement approach to performance measure changes. Over time TEC has made positive shifts towards being learner focused and has increased emphasis on provider capability and learner parity.

While the Tertiary Education Strategy (TES) is being finalised and the Careers System Strategy (CSS) work progresses TEC is not planning to make significant changes to its measures in 2019/20. Measures TEC are changing are likely to include removing measures that relate to initiatives no longer being funded.

Careers System Strategy

The Careers System Strategy and associated work streams has been a high priority for our engagement across the year. A majority of engagement took place in late 2018/19 and we have worked with TEC and relevant Ministry business units to map out monitoring focus areas for the coming year (see Annex 1).

TEC have provided assurance they will be responding to initial assurance questions in time for the Quarter 1 report.

Data 2020

TEC has engaged PwC to review the suitability of Microsoft and Te Rito Platform Options as part of the Data 2020 work programme.

We will be expecting to hear further updates on this as work progress, particularly on how the platforms could align with (system-wide) business requirements and show a ‘whole-of-education’ journey.

Cyber security in accordance with the National Cyber Security Centre’s recently released ‘Guidance for Public Sector Chief Executives’ will also be a focus going forward.

Tertiary Education Organisation (TEO) monitoring

Across 2018/19, and as a result of the risk in the ITP sector, TEC has continued to mature its TEO monitoring approach.

TEC has increased transparency over TEOs by having more frequent engagement and collecting information more often. This means TEC is able to respond to risks in a more timely way and mitigate potential problems before they escalate further. The use of templates has helped to standardise the process and ensure TEOs are providing consistent levels of information.

Internally TEC has been strengthening this function through recruitment of staff with expertise in audit, intelligence, and prosecution. There are also much stronger links with other parts of TEC such as the areas responsible for Investment, as a result of the Kia Rite change process.

TEC End of Year Advice 2018-19
Non-financial performance – Monitoring focus areas September - November

RoVE

RoVE has significant implications on the TEO monitoring part of the organisation in terms of capability and ability to collect information.

TEC is currently developing a framework for monitoring the NZIST as part of RoVE. It will be important there is a clear view on where responsibility sits for having oversight of core processes and systems from a business perspective.

As the NZIST will likely receive a similar level of funding to the larger universities, in the future, the monitoring framework could be used as a basis for monitoring of these institutions.

It is important TEC is thinking through its operational readiness for RoVE. TEC has advised that while it has begun this work it is likely it will be in a position to advise of the requirements from April 2020.

Domestic student wellbeing

As a result of the recent death of a student in a University hall of residence, TEC has sought assurance from providers over existing pastoral care practices.

TEC has identified this as an area which could be covered as part of the inductions it runs for TEI Council members.

Now that the Education (Pastoral Care) Amendment Bill has been introduced to the House the interim code for domestic students is expected to take effect from 1 December 2019.

Tertiary Education Institution (TEI) council appointments and support

Across 2018/19 TEC has been providing additional focused support to providers affected by RoVE to ensure they are aware of changes and the potential impacts. This has included providing inductions for the RoVE Establishment Board as well as ongoing work with the subsidiary.

TEC has been working with TEI councils as part of the appointments process to increase diversity on councils. They have seen positive shifts in the university sector particularly within increasing Māori, Pacific and female representation.
Non-financial performance

Summary


Performance against the 2018/19 – 2021/22 SOI

TEC has 13 measures (5 organisational health and capability and 8 impact measures) in its 2018/19 – 2021/22 SOI. Performance against these measures in 2018/19 is shown in figure 1.

Figure 1: SOI measures

- Partnership - Mahi Ngātahi
- Knowledge - Mōhiotanga
- People - Tāngata
- Increasing research quality and capability
- Building provider capability and monitoring performance
- Connecting educators and employers
- Supporting all learners to succeed

![SOI measures chart]

Supporting all learners to succeed

The impact area ‘Supporting all learners to succeed’ has a measures for ‘Percentage of students completing qualifications at level 7 degree and above’ for Māori, Pacific and All learners.

![Percentage of students completing qualifications at level 7 degree and above chart]

In our advice on TEC’s draft Statement of Intent 2019/20-22/23 and draft Statement of Performance Expectations 2019/20 [METIS 1181843 refers] we have signalled that the external facing measures such as the parity measures, are influenced by factors outside of TEC’s control and that it is difficult to measure the impact they have had.¹ We continue to engage with TEC on how they could

¹ TEC, the Ministry and other education agencies are currently working together on better measuring outcomes across the education system,
Non-financial performance

reflect more measures that report on the impact that its activities achieve. This feedback has been incorporated into TEC’s performance framework improvement plan.

**Connecting educators and employers**

<table>
<thead>
<tr>
<th>Measure</th>
<th>18/19 Target</th>
<th>18/19 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key stakeholder satisfaction that the TEC has helped improve connections between schools, tertiary education organisations and employers</td>
<td>Baseline year</td>
<td>31%</td>
</tr>
</tbody>
</table>

TEC has reported against one new ‘Connecting educators and employers’ measure. Generally we would expect stakeholder satisfaction targets to be aiming for results above 70-80%.

TEC will compare results with their internal engagement survey to be undertaken in September 2019. Following this an action plan will be developed based on key result areas, which will then inform the development of TEC’s Customer Strategy.

**Organisational health and capability**

**People**

including what to measure, and how to measure it.

TEC End of Year Advice 2018-19