

**Tertiary Education  
Commission**

Te Amorangi Mātauranga Matua



# Briefing for the Incoming Minister of Education

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## Key messages

### We are government's key agency for investment in tertiary education and training, learner information and the careers system.

We support a tertiary and careers system that puts the learner at the centre. We have a key role in ensuring learners and influencers have the best information to inform their tertiary education and career choices.

Tertiary education covers all forms of post-secondary school education. This includes foundation education such as basic literacy and numeracy, and adult community education, through to vocational education including apprenticeships, and higher education including research.

TEC has a monitoring and Crown ownership and associated investigative function to ensure TEC funding is used for the purposes intended. We also safeguard the Crown's interest in public tertiary education institutions (TEIs).

### Through our activities in the tertiary education and careers systems, we want to make the biggest positive difference we can to the prosperity and wellbeing of all New Zealanders.

Over the next three years, subject to your strategic direction and policy decisions, we will do this by:

- › **Continuing to shift toward investing in outcomes.** We are progressively moving our focus beyond inputs (eg, tertiary participation rates) and outputs (eg, course completion or graduation rates) to the outcomes from tertiary education for learners, society and the economy. Inputs and outputs will always matter, but in a truly learner-centric system, learner outcomes should matter most.
- › **Using quality information to support informed learner, TEO and TEC decision-making.** We will provide learners and other decision-makers – including TEOs and employers – with increasingly sophisticated, integrated, user-friendly, and high-quality information on the costs and benefits of different potential investments in tertiary education. This will include provider-level data about learners' post-study outcomes from 2018.
- › **Shaping the future provision of careers information.** In keeping with our newly expanded mandate, we will work with the Ministry of Education (MoE), the Ministry of Business, Innovation and Employment (MBIE) and other system participants to shape a more coherent and aligned careers system.
- › **Ensuring the tertiary education system performs for all New Zealanders.** Some learners are currently under-served by the education system, faring worse in both compulsory and tertiary education. Māori and Pasifika are over-represented in this group. At TEC we are focused on the positive difference that we can make to lifelong outcomes for Māori and Pasifika through excellent, accessible tertiary education and career pathway planning. We have set a five-year goal to achieve tertiary participation and completion patterns for Māori and Pasifika that are the same as other New Zealanders in the tertiary system. This will mean partnering with TEOs and others to make changes to the system so that it performs much better for Māori and Pasifika learners.
- › **Actively managing risks to TEIs.** Some TEIs, particularly institutes of technology and polytechnic (ITPs), face big challenges to their educational and financial sustainability. We will work closely with you as Minister to address these challenges so that high quality vocational education and training is available and is sustainable throughout New Zealand.

- › **Engaging employers as an integral part of the skills development system.** In partnership with industry bodies and MBIE, we will support employers to actively participate in shaping educational delivery that meets their workforce needs, now and into the future. This means helping employers to reach into both the schooling and tertiary systems.

## **The tertiary system needs to be more nimble, responsive and creative, with more innovation in what and how the tertiary system delivers.**

Technological and labour market change demands rapid responsiveness from the tertiary education system. New technological tools, pedagogies and delivery mode innovation can improve the quality, accessibility and cost-effectiveness of tertiary education provision.

TEC would welcome the opportunity to invest more flexibly in innovative tertiary provision. We consider that supporting new teaching and learning methods and approaches, and supporting more generally system innovation and change, will improve learner outcomes and bring value to New Zealand.

*Note: The tertiary education environment is acronym-heavy. We have provided a Glossary on page 48.*

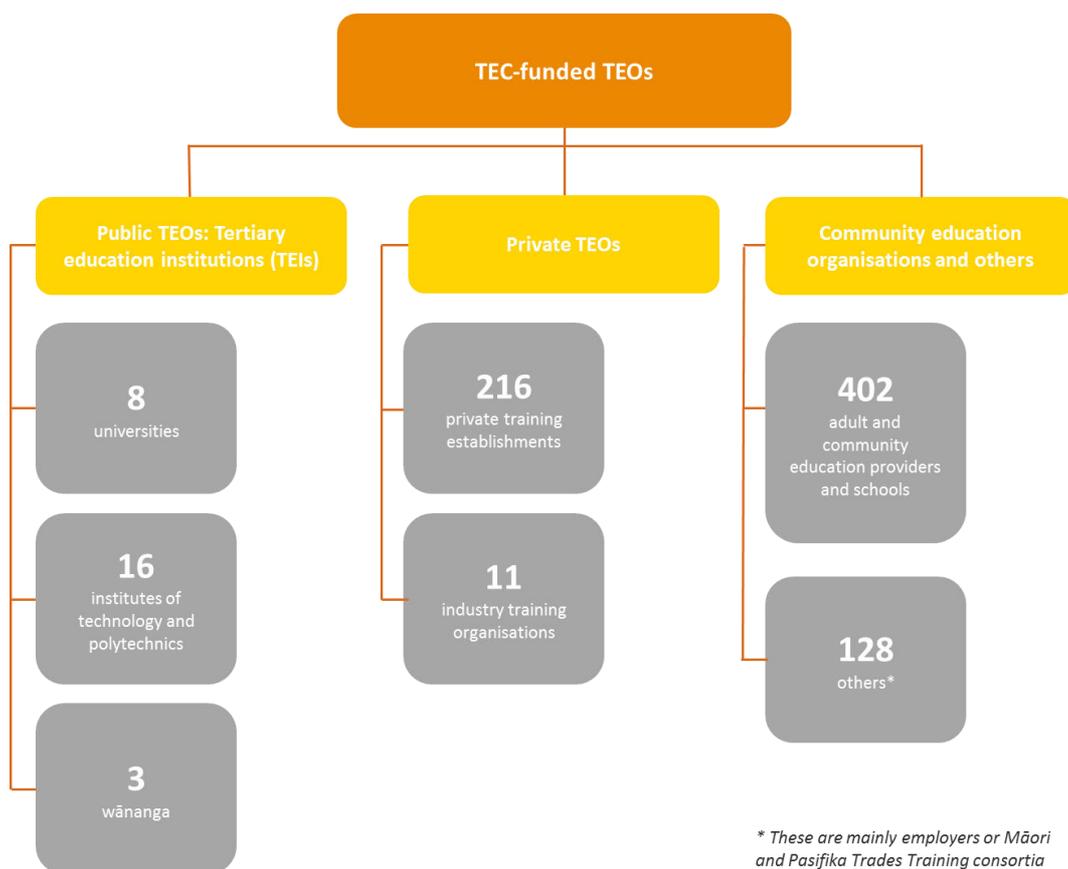
# Part one: The tertiary education and careers systems

TEC has a key role in both the tertiary education and careers systems. We provide learners with the information, skills and tools they need to move from education to employment. High level information about the structure of each system is below and complements information in the BIM from the Ministry of Education (MoE).

## The tertiary education system

When we talk about “the tertiary education system”, we usually refer only to the TEOs that are quality-assured by NZQA. Of these, about 700 are funded by TEC (Figure 1).<sup>1</sup> Note that the term “providers” includes TEIs, PTEs and providers of community education, but excludes industry training organisations (ITOs), which arrange training on behalf of employers, but do not themselves provide it.

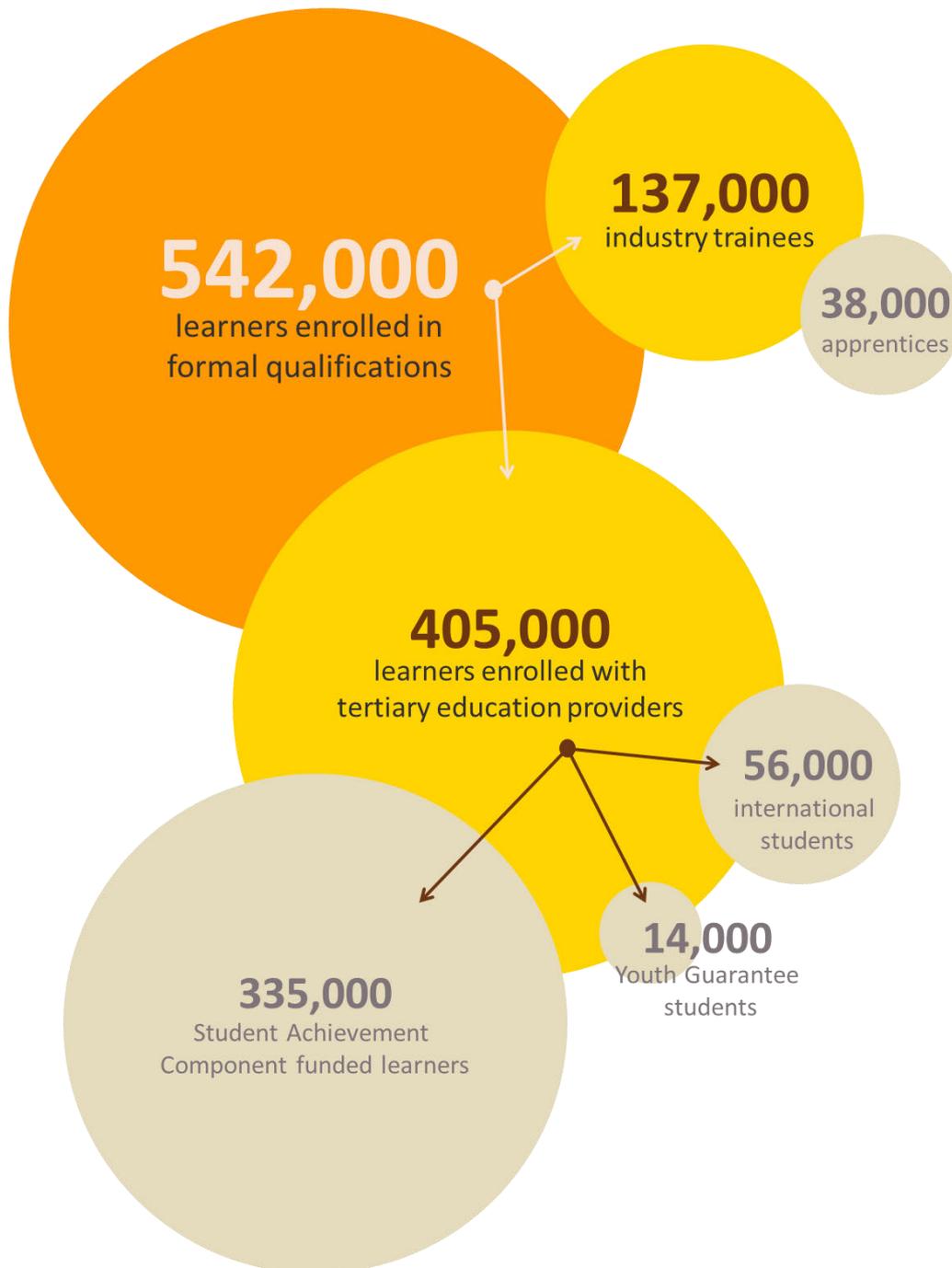
Figure 1. TEC-funded TEOs



<sup>1</sup> Statistics New Zealand figures show that, in 2016, about 550 enterprises in New Zealand were working in the field of “Tertiary Education”, and a further 3,700 in “Adult and Community Education”. (Business Demography statistics from Statistics New Zealand, retrieved 11 August 2017 from <http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7604>. Data on careers service enterprises is not available.)

TEC-funded TEOs enrolled about 540,000 learners in formal qualifications in 2016 (Figure 2)<sup>2</sup>. In addition, TEC funded 84 employers to deliver workplace literacy and numeracy programmes to about 2,000 employees in 2016.

**Figure 2. Learners at TEOs in the TEC-funded system in 2016**



<sup>2</sup> Many TEC-funded TEOs deliver a combination of TEC-funded and non-TEC-funded enrolments. Non-TEC-funded enrolments include full-fee-paying international students, and “over-delivery” where a TEO delivers more places than TEC has funded.

## The careers system

A careers system includes four main functions: careers information provision, careers education, careers advice and guidance, and strong links between education and employment. In an effective system, these functions mutually reinforce one another so that:

- › learners and job seekers have access to high quality, accurate and objective careers information to support them to make informed choices
- › learners receive high quality and timely careers education in schools and TEOs which makes clear links between what they learn and the world of work
- › those who need extra assistance have access to individualised guidance and support.

In New Zealand, no single agency is responsible for ensuring that New Zealanders get good careers information, advice, guidance and education from a young age – instead, multiple players are involved (Figure 3). In terms of key client groups:

- › **School-based services for school students** are managed by school Boards of Trustees, supported and funded by MoE.
- › **Young people who are NEET** (not in employment, education or training), and teen parents, can access career advice and coaching services via MSD’s Youth Service.
- › **Services available to adults in the workforce** comprise a mix of free online automated services (some of which government provides, in particular via our Careers NZ website); and private user-pays services. The latter range from simple “fix your CV” services to customised career coaching for professionals.
- › **Beneficiaries** can also access face-to-face services purchased for them by MSD.

**Figure 3. Key players and their roles in the careers system**



# Part two: Introducing TEC



## Our place in the world / the “who”

TEC is a Crown agency under the Crown Entities Act 2004. We are governed by a Board of Commissioners whom you appoint with help from MoE and MBIE. MoE and MBIE jointly monitor our performance. We have an operating budget of around \$65 million, and 330 establishment FTEs, with current staffing at about 310 FTEs. Our national office is in Wellington, along with our Wellington regional staff (together comprising 254.6 FTEs currently). We have staff in nine locations outside Wellington.<sup>3</sup>

We are government’s key agency for investment in tertiary education and training, learner information and the careers system. We also safeguard the Crown’s interests in public tertiary education institutions. We are one of four agencies with quality assurance responsibilities in tertiary education, alongside MoE, the New Zealand Qualifications Authority (NZQA) and the Committee on University Academic Programmes (CUAP)<sup>4</sup>. These agencies and Education New Zealand (ENZ) collectively provide stewardship of the tertiary education system. You can read more about this in MoE’s Education System BIM.

TEC recently acquired the functions and staff of Careers New Zealand (CNZ). From 1 January 2018, TEC will have a refocused role in the careers system providing high quality careers information and strengthening connections from education to employment.

## Our purpose / the “why”

TEC’s purpose is to **make a positive difference to the prosperity and wellbeing of all New Zealanders through tertiary education, career information and connections**. Tertiary education covers all forms of post-secondary school education. This includes foundation education such as basic literacy and numeracy, and adult community education, through to vocational education including apprenticeships, and higher education including research.

Figure 4 depicts the difference we want to make for New Zealand. It’s about understanding and improving our impact on New Zealanders’ life outcomes – not just individuals’ tertiary participation or achievement but also how they fare when they enter the workforce, and how they contribute to innovation and productivity gains for businesses, improvements in social cohesion, and avoidance of social costs.

We strive to measure these outcomes, and to use that information to steer our own investment decisions – as well as the decisions made by learners (from school age) and other investors in tertiary education, such as employers. Our remit therefore stretches from schooling through to the labour market and into the social sector. We work closely with MoE, MBIE and NZQA, and to a lesser extent other education agencies, and with social and public service agencies such as the Ministry of Social Development (MSD).

Our statutory functions are set out in section 159F of the Education Act 1989. They require us to:

- › give effect to the government’s Tertiary Education Strategy (TES) by funding tertiary education organisations (TEOs), growing their capability, and monitoring their performance
- › collect and provide information to the general public, TEOs and others about study and work options
- › provide information and services to help career seekers and their influencers to prepare to move into work or further study
- › strengthen the connection from education to employment, and

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<sup>3</sup> We have TEC offices in Whangarei (7.0 FTE), Auckland (19.0 FTE), Hamilton (5.8 FTE), Napier (3.8 FTE), Palmerston North (1.75 FTE), Nelson (2.0 FTE), Christchurch (7.6 FTE) and Dunedin (4.7 FTE). We also have one staff member (1 FTE) based in Tauranga, sharing office space with another organisation.

<sup>4</sup> The Committee on University Academic Programmes or CUAP is a body created by the New Zealand Vice Chancellors’ Committee (Universities New Zealand), to carry out its statutory role in quality-assuring university provision.

- › advise the Minister on TEO and sector performance and the operational impact of policy.

**Figure 4. The difference we want to make**

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## Our business strategy / the “how”

*Note: The information in this section describes TEC’s current business model and funding arrangements. These may change subject to your strategic direction and policy decisions.*

Our TEC business strategy is to **help all New Zealanders prosper through achieving their learning and career goals.**

This reflects a core principle underlying our tertiary education and careers systems: In most cases, **backing the choices of well-informed learners** is the best way to get good tertiary education and career outcomes for New Zealanders overall, and to maximise New Zealand’s return on its collective investment in tertiary education.

Learners are at the centre of this system. TEC’s role is:

- › to help ensure that learners have the information, skills and resources they need to set and achieve study and career goals that will take them where they want to go, and
- › to step in as required where problems arise, and find workable solutions.

Our business strategy is arranged around our two core functions, **Champion** and **Invest**, supported by three enablers, **Partnership**, **Knowledge** and **People**.

### Champion

Our **Champion** business is about building strong connections from education to employment, and promoting and enabling lifelong career development and pathway planning.

We are currently designing a new operating model to realise the benefits of bringing CNZ’s functions into TEC. This will be implemented in 2018. At its core will be our intention to:

- › build a coherent, consolidated and excellent careers information service, reducing fragmentation across the public sector
- › provide learners, career seekers, and influencers with access to information products and services that meet international best-practice standards, and that help them make informed study and career choices, and
- › strengthen linkages between education providers and employers.

Learners’ study and career choices are often heavily influenced by those around them, for example parents, teachers, children, employers, iwi or church leaders. So as well as targeting learners directly, we also aim to reach these “influencers”, and help them to help learners make informed choices.

### Invest

Our **Invest** business has two parts. One involves allocating funding in line with informed learner demand – that is, subsidising learners’ tuition costs<sup>5</sup>, whatever study they choose, by essentially bulk-funding tertiary providers to provide a broad range of quality-assured programmes and qualifications to learners. Providers must demonstrate to TEC that what they choose to offer is informed by analysis of the needs of learners and the labour market, and that it contributes to the Tertiary Education Strategy.

This demand-driven BAU allocations account for about 90% of our funding, but less than 20% of our organisational effort.

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<sup>5</sup> TEC provides tuition subsidy funding directly to TEOs. Studylink provides student loans and allowances to students to help them pay fees and living costs.

The other part of our investment business – only around 10% of the funding but at least 80% of our effort – is about actively managing provider performance, and intervening in supply and demand, to address the risks and challenges that arise in the otherwise self-regulating system (Table 1).

**Table 1. Key risks and challenges with allocating funding in line with learner demand – and TEC’s response**

Risk or challenge	How does TEC respond?
<p><b>Supply-demand mismatches:</b> Sometimes, the things learners individually choose to study, when added up across a region or across the country, will not result in the skills and knowledge New Zealand needs to thrive. This can happen even when learners are fairly well-informed. For example:</p> <ul style="list-style-type: none"> <li>› personal preferences might override information about labour market demand, or</li> <li>› a lot of learners might make the same study decision at the same time, in response to the same information, without being aware of each others’ decisions. This can result in a fast swing from under- to over-supply or vice versa.</li> </ul>	<p>Drawing on a wide range of labour market data sources, we work with MBIE to identify potentially problematic mismatches between skill supply and demand, and determine whether tertiary supply needs to change.</p> <p>Sometimes, government’s best solution will lie elsewhere, e.g. in immigration settings or employment regulation. At other times a tertiary response is required. When it is, we partner with TEOs, industry and communities to achieve collective aims, and use our investment and informational resources to nudge learners and providers in certain directions. Primary industries, engineering, and ICT are current focuses here.</p> <p>We can intervene at specific points in industry value chains, or where there are key productivity levers, for example to build on-farm agribusiness management capabilities. Where there are mismatches between skills provision and emerging economic opportunities in particular regions, we can take a focused regional approach to improving the matching.</p>
<p><b>Poor decision-making or changes of mind:</b> Even with good information available, some learners will make impulsive or unwise decisions, enrolling in something that won’t take them where they want to go. Others will just change their mind, or learn more during their first year or two of tertiary study about where their interests lie and want to change tack. Many learners with unclear or changeable plans are vulnerable to spending time and money in the tertiary system without acquiring a qualification they value.</p>	<p>First and foremost, we leverage our careers role to minimise the number of students in this situation.</p> <p>In addition, we strive to ensure there are safe “default pathways” (not dead ends or pathways to low-value destinations) for learners who drift into the system without a clear plan. We also try to make sure that people who don’t get it right first time have a second chance, balancing this with the need to encourage efficient pathways to completion.</p> <p>We work with MoE and MSD to line up policy and operational solutions for vulnerable learners, many of whom are (or are at risk of becoming) MSD clients.</p>
<p><b>Lack of public benefits:</b> Some learners will want to pursue goals that benefit themselves as individuals, or their employers, but offer little or no benefit to New Zealand as a whole. This is rarely the case for young people studying toward their first qualification, but might apply to some adults in work who are seeking professional development.</p>	<p>We seek to direct public investment where it will deliver the biggest public benefits, based on robust data about outcomes.</p> <p>Some decisions about what to purchase are set at the policy level (e.g. government currently does not fund short courses in regulatory compliance or health and safety), while others are made operationally by TEC using its growing capability in using outcomes information.</p>

Risk or challenge	How does TEC respond?
<p><b>Differences in learner, TEO and employer incentives:</b></p> <p>The incentives and interests of learners, TEOs and employers can differ. For example, learners may want to progress or move into the workforce, while TEOs may want to retain them. Employers may want skills that are productive in the short-term, while learners may want skills that are more transferable over the longer-term.</p>	<p>TEC places particular importance on the long-run interests of learners through their learning and working lives. This can require balancing their longer-term interests with the need for high work-readiness early in their working lives, and the need for skills to remain relevant throughout their working lives.</p>

We incentivise good TEO performance by investing more funding over time in TEOs that do the best job for learners and New Zealand. We currently do this by:

- › collecting and publishing information about TEO performance, and
- › increasing the number of learners that high-performing TEOs can enrol.

We manage poor performance through intensive monitoring, funding penalties and – for public providers, in serious cases – statutory interventions (page 16).

### Partnership

TEC has many business partners: other government agencies, TEOs and their peak bodies, employers and industry bodies, schools and Communities of Learning, and various Māori, Pasifika and other iwi and community groups. We rely on these partnerships to achieve our organisational goals.

Key to our success in the careers system will be to broker partnerships between schools, TEOs and employers. These partnerships will be focused on ensuring that learners can connect the knowledge and skills they develop to the world of work. Employers will benefit by providing feedback into the education system on the types of skills that they need now and in the future.

In our investment relationships with TEOs, we combine our partnership ethos with our formal role as investor and monitor. You can read more about our TEO monitoring role on page 16.

### Knowledge

We are a knowledge-intensive organisation and, in large part, an information business. We have grown our knowledge capability significantly in the last four years, and we are much less constrained than we used to be by “what’s measurable”. We are now evolving our investment decision-making processes, performance frameworks, analytical skills, business culture and public information products to take full advantage – and to help others take full advantage – of the rich information available.

We work closely with partners inside and outside government to foster a high-performance culture in our collection, governance, management and use of information and data.

## Our operational activities / the “what”

Below is a brief description of TEC’s core operational business. Part three of this BIM sets out our strategic priorities for the coming three years.

## Champion

Our operational activity under our Champion function currently<sup>6</sup> comprises:

- › Delivery of **education to employment** services that connect employers with school students, via work experience programmes, industry-focused events and local initiatives
- › Provision of **comprehensive information, tools and resources** to help people understand their study and career options, and the likely outcomes of different choices they could make. We're getting good reach through the Careers NZ website, which received nearly 4.5 million hits last year – so now we're seeking to lift the impact of those site visits. We're looking at what we offer to better understand what people need to make informed choices.

We also provide career guidance directly to new migrants, under contract to MBIE, via our **Migrant Futures** programme. We deliver two other Careers NZ legacy contracts which will end on 31 December 2017.

## Invest

We invest over \$2.9 billion in tertiary education annually in more than 700 TEOs and more than 100 employers across New Zealand. The largest funded TEO receives around \$450m, while the smallest receives a few thousand dollars. Most funding is administered via the Investment Plan process, described in Appendix A. Appendix B describes our main funds. Appendix C gives an overview of each TEO subsector.

TEC is committed to maintaining a high-quality nationwide network of tertiary education provision that meets the needs of learners and helps regional New Zealand to grow. In making our investments, the TEC Board takes into account the importance of a provider to the network as a whole, and the provider's ability to deliver good outcomes for learners and New Zealand now and into the future. The Board's investment decisions are not determined by a provider's ownership status (eg, whether it is a TEI or a PTE). As described below, the Crown's ownership interest in TEIs is managed via separate levers, and accountability for this sits with the TEC Chief Executive rather than the Board.

## Our monitoring role

Under section 159F of the Education Act 1989, we are responsible for reporting to you on the performance of TEOs and the tertiary education sector generally. Section 159KBA requires our Chief Executive to report to you on performance issues at TEIs, reflecting your ownership interest (on behalf of the Crown) in all 27 TEIs.

To meet these responsibilities, and to support our investment function, we operate a centralised TEO monitoring framework that brings together intelligence from across TEC and our interactions with the sector and other agencies. This gives us a holistic view of TEO performance and risks, which informs our monitoring activities as well as our advice to you on statutory interventions, TEO and sector performance, and TEI governance.

## Risk and compliance monitoring

We have significantly enhanced and increased our monitoring of TEO risk since investigations found substantive issues at the Western Institute of Technology at Taranaki (WITT) and Te Whare Wānanga o Awanuiāraangi in 2014. To ensure the issues we found were not endemic, we and NZQA commissioned

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<sup>6</sup> As noted on page 13, we are in the process of redesigning our business to integrate our new careers functions.

Deloitte to review our TEO monitoring, and undertook further reviews and investigations of TEOs, based on risk indicators from WITT and Awanuiārangi.

We and NZQA have now implemented all of the recommendations from the Deloitte report. We continue to build on these and enhance our monitoring by implementing a programme of improvements, together referred to as our “Beyond Compliance” approach. This approach is premised on an activity cycle that emphasises internal learning and education of the sector, alongside strengthened processes for identifying, assessing, monitoring, and responding to risk at both a TEO and system level. While we take seriously any instance of non-compliance or unethical behaviour by TEOs, and will take action as appropriate, we want to do better at partnering with TEOs to help them be compliant, sustainable, and achieve the best possible outcomes for learners.

We have a number of ongoing monitoring activities. We will brief you on these separately in the coming weeks.

### **Statutory intervention framework**

Our monitoring of TEIs is designed to regularly assess, monitor and manage the Crown’s residual risk in these institutions. The Secretary for Education publishes risk-assessment criteria in the *New Zealand Gazette*, and these are used to determine whether a formal or statutory intervention is appropriate.

Section 195A-G of the Education Act 1989 allows for formal intervention either by our Chief Executive or by you based on the level of risk to the financial and long-term operation of TEIs.

A more graduated interventions framework has been established for ITPs following the enactment of the Education (Polytechnics) Amendment Act 2009 (section 222). This also includes the ability to intervene based on possible risk to the educational performance of students, not just on financial grounds as with other parts of the tertiary education system.

You also have the power to dismiss council members, including the chairs and deputy chairs of ITPs.

### **Current ownership view of TEIs**

Key factors affecting the current and future health of the TEI network are:

- › **Long-term viability of some ITPs, particularly in regional areas.** These institutions lack the economies of scale of larger organisations, often serve the needs of a geographically disperse population, and struggle to attract international students outside Auckland. Limited financial resources also mean these institutions are susceptible to external shocks, and some struggle to invest in innovations that would support them to better deliver to the needs and expectations of 21<sup>st</sup> century learners. As noted in Appendix C, we are in active conversations with ITPs about how to address these issues, and expect this will lead to considerable change in the ITP subsector over the next three years. We will keep you closely informed.
- › **Institutional forecasts premised on enrolment growth:** Most TEIs are still forecasting that their EFTS numbers will grow, and are dependent on this growth to continue to return a surplus for reinvestment. Recent trend and demographic analysis suggests that this may be optimistic and that, across the network, EFTS demand may stagnate or decline. Some TEIs have significant reliance on international EFTS to offset declining domestic demand. International student demand is subject to some external factors beyond TEO influence.
- › **Investment in buildings:** Some TEIs are engaged in significant capital developments to build modern facilities to help them attract additional students. A risk exists that multiple developments of this kind across the network could result in capacity exceeding demand.

- › **Increased borrowing:** The increased focus on capital development has resulted in an increased level of debt across the sector. As at 31 December 2016, the sector had total debt (including finance leases) of \$452 million. This is forecast to rise to \$697 million in 2018. We actively monitor performance against the financial covenants included in the borrowing consents, and in a number of cases are introducing increased reporting and monitoring arrangements as debt levels increase.

## TEI governance

TEIs are autonomous institutions, governed by councils, whose roles and functions are set out in the Education Act 1989. You appoint three or four members to each council (depending on its size) with the remainder appointed in accordance with each council's constitution or statute.

University and wānanga councils have between eight and 12 members. ITP councils consist of eight members. You also appoint the chair and deputy chair of ITP councils.

Our role is to monitor and evaluate the governance capability of TEI councils. We provide advice to you on governance matters, including Ministerial appointments and council members' fees, and provide information and support councils to enhance governance capability.

In the 2017 year, TEC provided advice to the Minister on candidates and managed the process of appointment for 31 appointments to TEI councils. Details of Ministerial appointments you need to make by the end of 2017 and by 30 April 2018 are in part five of this document.

# Part three: Our priorities for the next three years

## Our strategic context

### Global and national economic and demographic context

New Zealand faces an unsettled international environment that creates risks to trading relationships, and to New Zealanders participating in wider international labour markets. Internationally, concern is widespread about low social mobility and wellbeing, and the economic, social and political tensions that result. Tertiary education is a key investment to address these concerns. In New Zealand, we need to deliver better outcomes for people from low socio-economic backgrounds, with a special focus on Māori, Pasifika and at-risk youth.

We have an ageing population and this has significant labour market participation and wider fiscal implications. We also have stagnating productivity, a relatively weak tradeable sector, and infrastructure deficits. Some regions face significant economic and social deprivation challenges.

Technological change is destroying old jobs and creating new ones, and driving demand for new skill-sets, including employability skills.<sup>7</sup> People have to adapt to this change through their working lives, meaning more demand for upskilling and re-training.

Our tertiary system needs to enhance its contribution to productivity as well as labour market participation. We need to increasingly address the needs of older workers and learners. We can use technology to lift tertiary sector productivity and to enable better quality tertiary education delivery at lower cost, including to poorly-served learners.

### The Tertiary Education Strategy

The *Tertiary Education Strategy* (the TES) sets out government priorities for tertiary education. The current *Tertiary Education Strategy 2014–19* is a high-level document setting out broad long-term goals; the government chose to express its nearer term priorities through other vehicles.

### Productivity Commission inquiry report

In 2016 the Productivity Commission held an inquiry into “new models of tertiary education”. The inquiry report, released in March 2017, represents the most thorough policy review of the tertiary sector in more than a decade.

The report’s key findings were that the current tertiary education system:

- › is tightly constrained by government settings
- › delivers good outcomes for some but not for all, and
- › struggles to innovate or adopt new models.

The Productivity Commission made 49 recommendations for system change. These included improving learners’ access to information, allowing TEOs to deliver more diverse products and services, enabling funding to better reward performance and follow demand, and clarifying government’s strategy for the

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<sup>7</sup> BIM material from MBIE contains more discussion of these issues.

system. A key message of the report is that changes of this kind are required to achieve a truly learner-centred system.

The previous government released its official response to the report in July 2017. This included the introduction from 2018 of “experimental courses” whereby capable providers can use a small percentage of their funding allocation to experiment with innovative delivery in a “ground-up” way, outside the usual compliance and performance settings. From a TEC perspective, this was a significant positive change, and we are keen to explore further opportunities to fund innovative tertiary provision. This might involve piloting initiatives, then leveraging the lessons learned to introduce the improved approach into the mainstream.

System innovation could deliver better outcomes and reduce costs for learners and government. These include enhanced credit recognition and transfer, and recognition of prior learning (RPL) that can reduce costs to learners and government in delivering educational outputs. Short courses and micro-credentials can help connect the disengaged to tertiary education, fill gaps in learning, refresh learning, and contribute to mid-life career change.

In the medium to long term, changes to funding and pricing of the kind recommended by the Commission would materially strengthen TEC’s levers for delivering value from its investment.

## What we will focus on in the next three years

Below are TEC’s six operational priorities for the next three years, subject to your strategic direction and policy decisions.

### Investing in outcomes

Over the last three years, TEC has moved from focusing on system inputs (participation) and outputs (graduations) to include outcomes from tertiary education for learners, the society and the economy. Inputs and outputs will always matter, but in a truly learner-centric system, learner outcomes should matter most.

Outcomes for learners include higher employment and incomes, and more choices in life. More highly educated people also enjoy indirect benefits from education, such as better health, enhanced parenting skills and greater community participation.

Outcomes for the society and the economy include social cohesion, innovation-based productivity gains, and avoided social costs such as lower crime and reduce benefit dependency.

In the next three years, we want to increase our active use of outcomes information in our investment decision-making and that of other investors in the system, including learners, TEOs and employers. The publication from 2018 of provider-level graduate outcome data (explained below) opens the door to this.

### Using quality information to make better decisions

Over the next three years, we will provide learners and other decision-makers – including TEOs and employers – with increasingly sophisticated, integrated, user-friendly, and high-quality information on the costs and benefits of different potential investments in tertiary education.

Key initiatives include:

- › the addition to the [www.careers.govt.nz](http://www.careers.govt.nz) website, and to TEOs’ own websites, of the Key Information for Students product, which sets out key information (including outcome data) by qualification
- › the expansion of the Rate My Qualification (MyQ) survey tool

- › support for TEOs to increase their use of “learning analytics” (data-driven tracking and management of students’ learning) to improve learner retention and completion rates
- › work to develop return-on-investment measures for tertiary education, and
- › publication of provider-level data about learner outcomes.

On this last point, our access to Statistics New Zealand’s Integrated Data Infrastructure (IDI) allows us to track longitudinal outcomes for (anonymised) individual learners, including employment, incomes, benefit dependency, higher study, progression and time offshore. We and MoE already publish national-level data from the IDI. From 2017 TEC has been able to disaggregate this learner outcome data by provider, and we are currently exploring the possibilities of the provider-level data. We intend to publish the provider-level data in a user-friendly format, and to use it in our own investment decision-making, from 2018.

### **Shaping the future provision of careers information and advice**

The recent integration of CNZ into TEC means that we now have end-to-end influence in the careers system, from schools through to tertiary study and into the workforce, as well as mid and late life career change.

Over the next three years, we will seek to improve the coherence and quality of the system and its key transition points.

Much of our work programme will be determined once we have designed our new intergrated business model (page 13), but we already know that we will:

- › work with MoE to improve careers provision in schools
- › segment the different “customers” of careers information to better understand and respond to their informational needs and preferences
- › consolidate careers information from across government to the [www.careers.govt.nz](http://www.careers.govt.nz) website to improve quality and reduce system fragmentation, and
- › develop and pilot an active learning management tool to support learners and job seekers to plan for and achieve their career goals.

### **Ensuring the tertiary education system performs for all New Zealanders**

Each year, some young New Zealanders leave the compulsory schooling system without the solid educational foundation they need to engage successfully in tertiary study or skilled employment. Māori and Pasifika are over-represented in this group.

NCEA attainment rates have increased markedly in recent years, and so too has participation in tertiary education by Māori and Pasifika learners. But much of this participation is in lower level qualifications – partly but not wholly due to differences in NCEA attainment. Lower level qualifications have relatively poor employment, incomes and other outcomes. When Māori and Pasifika learners do enrol at higher levels, they do not complete courses and qualifications at the same rate as other learners, and are therefore less likely overall to reap labour market benefits from their investment in tertiary study.

At TEC we are focused on the positive difference that we can make to lifelong outcomes for Māori and Pasifika through excellent, accessible tertiary education and career pathway planning. An economic as well as a moral imperative exists: changing demographics mean that New Zealand will rely on Māori and Pasifika graduates to meet an increasing proportion of future national skill needs.

We must foster high Māori and Pasifika aspirations, identify best practice and mainstream it more widely so that success breeds success, and high achievement becomes the expected norm.

Māori and Pasifika learner groups are often dissimilar to one another, and face different challenges and opportunities. We must recognise distinctiveness within and between Māori and Pasifika populations, and tailor our provision and other interventions accordingly.

We expect TEOs to deliver provision that delivers greatly enhanced outcomes for Māori and Pasifika learners. This means greater participation, retention and completions at higher levels of study and in fields of study that deliver better outcomes (currently primarily measured through IDI data). This also means TEOs need to have deep linkages with Māori and Pasifika at school level to influence NCEA choices and early career planning. We will partner with TEOs to achieve system change.

Over the next three years, we will continue to build on our significant work with the tertiary sector to improve outcomes for Māori and Pasifika learners, supported by improved data capability and our new career system functions. We will partner with TEOs to achieve system change.

Within five years we intend to achieve participation and completion patterns for Māori and Pasifika that are the same as for other New Zealanders in the tertiary system. This includes parity of participation in the levels and fields of study that deliver good post-study outcomes, with the aim that over time the tertiary education outcomes for Māori and Pasifika learners will be at least as good as those of other New Zealanders.

### **Actively managing risks to TEIs**

Some TEIs, including several regional institutes of technology and polytechnic (ITPs), face big financial challenges. In most cases this is due to changes in their cost structures and/or changes in their local learner population, labour market conditions or competition from other tertiary providers.

This generates risk to the Crown, which we will work closely with you to manage. Our activity will be framed by our “Beyond Compliance” approach outlined on page 16.

### **Engaging employers as an integral part of the skills development system**

Many employers see themselves as recipients of skills developed through the tertiary (and secondary) education system, rather than as an active participant in the development of those skills.

We want more industries and employers to actively participate in skills creation. This means getting employers engaged in the design and delivery of educational programmes, so that those programmes are informed by and likely to meet their needs. Where this works well, education and training is an investment for employers, supporting employers’ goals – which is a win-win for them and for learners seeking employment when they graduate.

In some parts of the system, notably industry training, employers are actively involved in education and training. In the next three years we will seek to grow this involvement, not only to meet the skills shortages through more apprenticeships in the shorter term, but also to make it more ‘core business’ across all levels of tertiary education.

In line with our new mandate to strengthen the connection from education to employment, we will help employers reach into both the schooling and tertiary systems.

## Part four: How we work with you

### The TEC Board

As a Crown entity we are governed by a Board of Commissioners (profiled in Appendix D) whom you appoint. The TEC Board has seven members, chaired by Nigel Gould. The TEC Board:

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

You can influence the direction of TEC through your appointments to our Board.

### Chief Executive and senior staff

Tim Fowler was appointed to the role of Chief Executive in 2013. The Chief Executive is supported by the Senior Management Team, which currently comprises nine senior managers (profiled in Appendix D). The makeup of this team will change as we shift to a new integrated business model early in 2018.

### Monitoring of TEC performance

MoE leads the monitoring of TEC's finances and performance on your behalf. MoE provides advice on TEC's management of its \$65 million annual operating expenditure and its \$2.9 billion annual investment for tertiary education.

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

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

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

## Part five: Decisions you will need to make in the next few months

There are some decisions you will need to make in the next few months.

### TEOs of concern

As described on page 16, TEC operates a comprehensive monitoring framework to assess TEO performance and risks. We have a number of monitoring activities underway with regard to a variety of TEOs. While the bulk of these are business as usual, some are more serious. We will brief you on these in detail over the coming weeks.

With regard to imminent decisions, we will keep you closely informed about Tai Poutini Polytechnic (TPP). A Crown manager was appointed in late 2016 and has been working with the Council and chief executive on strategic options for the future of tertiary education and vocational training on the West Coast, and what this means for TPP. TPP presented a strategic options analysis to the Crown in July this year, and is due to submit a formal Business Case soon. We will brief you fully on the business case once it is received, and any consultations or decisions you may need to take based on the options proposed.

### Ministerial appointments to TEI councils

Four decisions on Ministerial appointments to TEI councils must be made by the end of 2017 and a further 24 decisions by 30 April 2018. Making such appointments is a statutory function for you as Minister. We manage the process of appointment, including providing advice on candidates, and will brief you separately on this.

- › Three appointments to university councils must be considered before the end of 2017:
  - Victoria University of Wellington, where Chancellor Sir Neville Jordan has resigned with effect from November 2017
  - University of Otago, where Chancellor John Ward will step down with effect from December 2017, and
  - Auckland University of Technology, where Lex Henry's term expires in January 2018.
- › An appointment also falls due on the WelTec Whitireia combined council in December 2017. We expect to provide advice to you on all these appointments before the end of October to allow for the Cabinet processes, which can take several weeks to complete once you have made your decisions.
- › The majority of the 25 appointments for your consideration in early 2018 are in the ITP sector and fall due on 30 April. All ITPs have eight council members and you appoint four of those. You also appoint the chair and deputy chair from any of the eight members. We will advise you before the end of 2017 where appointees have completed only one term of appointment and would be eligible for reappointment.
- › The window is small for your consideration of the appointments due to be made by 30 April 2018. The process begins when the Cabinet Office circulates all Ministers at the end of January with details of government board vacancies for the coming year. In February, we will provide advice on potential candidates for your consideration.

- › Relatively few appointments on the university and wānanga councils are due for you to consider in 2018. At the reconstitution of the university and wānanga councils in 2015 and 2016, the majority of Ministerial appointments were made for four years. Three appointments are due in the early part of 2018 with a further four due in December 2018. Our advice on the four due late in the year would be provided in September or October 2018.

## Pending changes to medical provision - a school of rural medicine

Over the last 12 months, universities have made two proposals to government to change to medical training in New Zealand to boost the numbers of health professionals working in rural areas – one from the University of Waikato, and one jointly from the Universities of Auckland and Otago.

In response to these proposals, the Minister for Tertiary Education, Skills and Employment announced in August 2017 that government would run a contestable process to choose the best option for establishing a new School of Rural Medicine to produce more doctors for NZ's rural communities. The announcement indicated that the results of the contestable process would be known in 2018, with the new school to be operating no later than 2020, and eventually graduating 60 additional doctors a year.

We will provide you with a separate briefing in due course giving more background to this issue, and seeking your decision about the next steps.

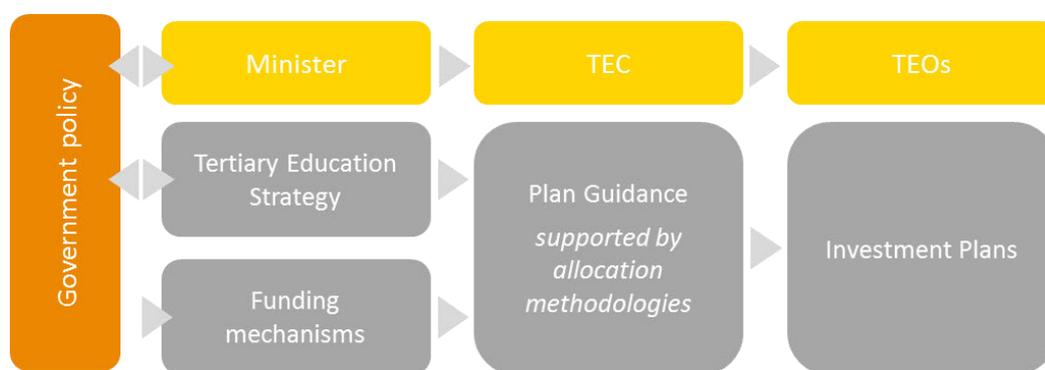
# Appendix A: The Plan-based funding system

This appendix describes the Plan-based funding system through which TEC invests most of its grants funding.

## Policy architecture of Plan-based funding

Figure 6 shows the role of the agencies and mechanisms of influence in the Plan-based tertiary funding system.

**Figure 6. Agencies (yellow) and mechanisms of influence (grey) in the Plan-based tertiary funding system**



Our policy role is limited to operational policy, for example translating government priorities and expectations into the design of funds and initiatives, and the rules and conditions governing them. We also feed back to MoE and Ministers what we are learning from our investment activity, so that this information can be fed into ongoing policy development.

## Tertiary education strategy (TES)

We respond to the TES priorities by setting clear strategic and delivery expectations for TEOs, investing tertiary funding in TEOs and educational provision that meet those expectations, and measuring progress through our accountability documents.

## Funding determinations

You issue funding determinations to us under section 159L of the Education Act 1989. These establish the purpose and parameters of different pools of tertiary funding, and may include setting funding rates and eligibility criteria.

Funding determinations, often referred to as “159Ls”, are an essential means by which you determine the purpose of funding available to TEC for allocation to TEOs. The amount of funding available is determined through the Government’s Budget process.

Section 159J(4) of the Education Act 1989 keeps you one step removed from the allocation of funding for specific TEOs. This is echoed in section 159M, which prevents you from identifying a specified organisation or organisations for funding purposes when you determine the design of a funding mechanism (by issuing a funding determination).

Funding determinations are drafted for you by MoE, in consultation with TEC.

Once you have issued a funding determination, we design an approach to implementation that will give best effect to the Tertiary Education Strategy and to your policy intent.

### **Plan guidance**

At the start of each investment cycle, we release Plan Guidance for the sector. This explains to TEOs what their proposed Investment Plans must contain and how we will assess proposed Plans for funding approval. Our next Plan Guidance is due for release in November 2017, to inform Plan development and negotiations in 2018 for the funding period beginning 1 January 2019.

Plan Guidance is supported by a Gazette notice we publish, setting out the content that Plans must contain and the criteria by which we will assess programmes and activities within Plans for funding approval.

### **Proposed Plans**

All major TEOs are required to develop Plans in response to the relevant Plan Guidance and in consultation with key stakeholders. TEOs then submit these proposed Plans to TEC. Smaller PTEs are often not required to submit Plans but are required to meet performance criteria to be eligible for funding.

Our Investment Teams support TEOs to reflect critically on their past performance and future strategic direction as they develop their Plans. We provide advice about TEC's expectations and indicative proposed funding to allow TEOs to submit realistically-costed Plans. We coordinate to ensure that taken together Plans in each funding round represent a coherent and acceptable investment portfolio for TEC.

We assess each proposed Plan and decide on the programmes and activities that will be given funding approval. This is often an iterative process as Investment Teams work with TEOs to help them develop a Plan that meets our expectations.

Plans provide a narrative about the TEO's mission and role in the system, and how the outcomes it seeks to achieve in the Plan period will contribute to meeting government and stakeholder expectations. Plans include forecasts of the programmes and activities the TEO will deliver for the funding it receives. They also set performance commitments, some specified by us and some by the TEO. A well-developed Plan will provide clear linkages between the narrative, the forecast mix of provision, and performance commitments.

### **Funding**

Where a TEO submits a Plan that meets our gazetted assessment criteria, we approve funding in accordance with your funding determination. We then administer payment through 12 roughly equal monthly payments. We also monitor TEO delivery and performance against agreed levels, and discuss any variation in performance regularly with individual TEOs. We amend Plans or recover funds as required to ensure the fund is fulfilling its policy intent and that we are making good use of public funding.

### **Balance sheet mechanism and MCA**

We have two flexible funding tools that we use to ensure that our funding is responsive to student demand, which can be fast-changing and hard to predict.

#### **Multi-Category Appropriation (MCA)**

We use our MCA to manage cost pressures or to prioritise funding to meet changes in demand that occurs within a financial year. We can move funding between most of our teaching and learning funds, including SAC, Youth Guarantee and the Industry Training Fund.

**Balance sheet mechanism facility**

We are able to retain surplus from the MCA on our balance sheet. We use this facility to cover short term over-allocations within a fund while we wait for recoveries to come in to TEC – but only after we have sought to meet this over-allocation via reprioritisation within the MCA.

The balance sheet mechanism facility also helps us to manage cost pressures across financial years, including as part of the budget process. We can use it to manage pressures in any fund or category in the MCA; it is limited to purchase within the MCA. Access for one-off initiatives outside the MCA would require Cabinet approval.

## Appendix B: Key funds

TEC administers a large number of funds. The main ones are listed below. Figures refer to 2017 calendar year funding unless otherwise stated.

### Funding for teaching and learning

#### Student Achievement Component (SAC): \$2.08 billion

SAC is the most significant pool of funding in the tertiary education system. It is the single largest source of revenue for universities, wānanga and ITPs, and is also allocated to many PTEs.

The overall SAC fund is allocated in two streams: funding for teaching and learning at Levels 1 and 2 on the New Zealand Qualifications Framework (NZQF), and funding for teaching and learning at Levels 3 and above on the NZQF. A portion of funding at Levels 1 and 2, and at Levels 3 and 4, is allocated via competitive tender; the remainder is allocated at rates fixed by you in your funding determinations.

#### *SAC Levels 1 and 2: \$101m*

SAC Level 1 and 2 is allocated as a specific pool within the overall SAC fund. It provides for foundation level education, and is fees-free for all learners. A portion of SAC funding at Levels 1 and 2 is allocated through a competitive process. In 2017, we allocated \$74 million through the competitive process and \$20 million in residual funding. We have kept \$7m in reserve to meet emerging demand in-year.

#### *SAC Levels 3 and 4 competitive: \$29m.*

The SAC Levels 3 and 4 competitive pilot was a new initiative in 2017 to allocate all agriculture, horticulture and viticulture provision at levels 3 and 4 on the NZQF via competitive tender. The pilot sought to direct our investment towards higher quality delivery, and increase responsiveness to industry need in the primary sector. We allocated \$29m via the initiative in 2017.

#### *Performance-linked funding*

Five percent of a TEO's SAC funding is linked to the TEO's performance in the previous year, measured against up to four educational performance indicators: qualification completions, course completions, retention and progression to a higher level of study. In 2016, TEC changed how it calculates two of these indicators which will likely result in some minor changes to how performance-linked funding operates.

#### Youth Guarantee: \$121m

The Youth Guarantee (YG) fees-free fund provides 'disengaged' or at-risk young people with an opportunity to achieve a foundation-level qualification, particularly the National Certificate in Educational Achievement (NCEA) level 2, in a tertiary setting. YG is part of a wider suite of initiatives that includes secondary-tertiary programmes (e.g. Trades Academies), Service Academies, and the Vocational Pathways.

There is potential for YG and foundation education provision to lead to more specific progression pathways to education that leads to better outcomes for learners.

#### DualPathways Pilot: \$6m

In 2016, we launched a new pilot called *DualPathways* to allocate a portion of YG funding (\$5.98 million) to support secondary-tertiary transitions. Funding for the *DualPathways* pilot will support TEOs to work in collaboration and partnership with employers and industries. Up to 1,200 student places were made

available in 2017, building on the 370 (approximately) student places funded in 2015 and 2016 through the current Secondary-Tertiary Pilot. TEC is currently conducting another funding round for 2018 delivery.

### **Industry Training Fund: \$184m**

The Industry Training Fund funds industry training organisations (ITOs), and subsidises the development of national qualifications and the delivery of workplace learning linked to qualifications – mainly at levels 1 to 4 on the NZQF. The Industry Training Fund is strongly supported by employers.

### **Māori and Pasifika Trades Training: \$16m**

Māori and Pasifika Trades Training (MPTT) funding is targeted at Māori and Pasifika learners aged between 16 and 40. It is delivered through a consortia model involving community groups, employers and TEOs. MPTT provides fees-free tertiary places for learners to do pre-trades training at a provider, then progress to:

- › sustainable trades or trades-related employment (including New Zealand Apprenticeships)
- › other successful industry training programmes at Level 3 and above on the NZQF, or
- › Managed Apprenticeships (apprenticeship-style learning managed by an ITP).

Learners entering industry training or an apprenticeship through MPTT can also access a grant to buy tools.

### **Gateway: \$19m**

Gateway provides workplace learning opportunities for senior secondary-school students (Year 11 to Year 13+), and enables them to earn credits towards qualifications while continuing to study at school.

### **Adult and Community Education (ACE): \$25m**

Adult and Community Education funding mainly subsidises non-assessed learning in a range of settings including schools, community organisations, ITPs, and wānanga. The funding provides adults with foundation skills and pathways into other learning opportunities that meet identified community needs.

### **ICT Graduate Schools: \$29m over four years (2016-2019)**

ICT Graduate Schools are a key initiative under the Government's Business Growth Agenda. Three ICT Graduate Schools have been established as pilot initiatives in Auckland, Wellington and the South Island following a contestable selection process. Funding was allocated and monitored by TEC in collaboration with MBIE.

The Schools have the objective of bridging the gap between the ICT industry and educational provision. They are working to bring employers into the design and delivery of programmes of study in order to ensure they are producing graduates with the high-level skills and knowledge sought by the ICT industry.

## **Research funding**

### **Performance-Based Research Fund: \$300m (\$315m from 2018)**

The Performance-Based Research Fund (PBRF) incentivises and rewards research excellence. It is allocated based on research outputs. Around 97% of the fund goes to the universities.

The fund is allocated based on past performance in three components:

- › research quality evaluation (55% of the fund)

- › research degree completions (25%)
- › external research income: (20%).

The operational guidelines for the 2018 Quality Evaluation were released on 30 June 2016. The next Quality Evaluation will be held in 2018 and will allocate funding from 2019 until 2024, while the two other components are determined annually. As well as determining funding, the PBRF also ranks the quality of research, and the reputational drivers are as strong for TEOs as the financial drivers.

### **Centres of Research Excellence (CoREs): \$50m**

There are ten university-led CoREs funded until December 2020. The fund was established in 2001 to encourage the development of excellent tertiary-education based research that is collaborative, strategically-focused and creates significant knowledge transfer activities. The CoREs fund is fully contestable and funding is allocated and monitored by TEC. Earlier this year, TEC undertook a review of the CoREs to ensure they are making good progress toward achieving their objectives. The findings of the review indicated that the CoREs are on track to deliver against their outcomes and are performing high quality research that is likely to deliver significant benefits to New Zealand, and to the tertiary education sector.

### **Centres of Asia-Pacific Excellence (CAPES): \$31 million over four years**

In Budget 2016 funding of approximately \$31 million over four years was made available to establish Centres for Asia Pacific Excellence (CAPES) in order to deliver:

- › More New Zealanders with appropriate language and cultural skills (including economic and political) relating to the Asia-Pacific and Latin American regions.
- › Enhanced public awareness of the importance of the Asia-Pacific and Latin American regions.
- › Better understanding of how study of Asia-Pacific and Latin American languages, culture and society (including economics and politics) leads to success in the regions.
- › Enhanced links between New Zealand and the Asia-Pacific and Latin American regions.

After a competitive funding round, three CAPES are now being established - the University of Auckland hosts one and Victoria University of Wellington hosts two. A consortium of the host universities and the Universities of Otago and Waikato has been established to deliver the CAPES outcomes.

### **Entrepreneurial Universities Initiative: \$10 million per year**

In Budget 2016 funding of \$10 million per year was made available to establish the Entrepreneurial Universities initiative (EU). The aim is to enable universities to attract outstanding entrepreneurial academics, and their teams, from overseas to undertake research programmes in New Zealand that boost entrepreneurship and innovation and commercialisation activity in New Zealand. Universities must match government funding dollar for dollar up to a maximum government contribution (per university) of \$1.5 million per year for 4 years.

## Appendix C: Overview of TEO subsectors

Different tertiary subsectors, and TEOs within them, have different roles. TEC seeks to invest in a coherent network of provision in order to foster collaboration, and reduce overlap and excessive competition that can confuse learners and waste scarce resources such as through excessive marketing spend.

### TEIs

#### Eight universities: \$1.601 billion

<b>Number of institutions</b>	8		
<b>TEC funding</b>	\$1.601 billion (2017 calendar year) 55.0% of total TEC funding for tertiary education		
<b>Governance and ownership arrangements</b>	Universities (along with wānanga and ITPs) are TEIs under the Education Act 1989 and Crown entities under the Crown Entities Act 2004. Each university is governed by a council of 12 members. Four of these members are appointed by the Minister.		
<b>Key organisations and people in the sector</b>	<b>Universities New Zealand</b> Chris Whelan – Executive Director		
	<b>University</b>	<b>Chancellor</b>	<b>Vice-Chancellor</b>
	University of Auckland	Mr Scott St. John	Professor Stuart McCutcheon
	Auckland University of Technology	Mr John Maasland	Mr Derek McCormack
	University of Waikato	Rt Hon Jim Bolger	Professor Neil Quigley
	Massey University	Michael Ahie	Professor Jan Thomas
	Victoria University of Wellington	Sir Neville Jordan KNZM	Professor Grant Guilford
	University of Canterbury	Dr John Wood	Dr Rod Carr
	Lincoln University	Mr Steve Smith	Professor Robin Pollard
University of Otago	Mr John Ward	Professor Harlene Hayne	

#### Key issues and opportunities in the university subsector

##### *Demand for university study*

The number of SAC-funded learners studying at university reduced from a high of 160,231 in 2010 to 150,115 in 2016. Over the same period, university sector EFTS reduced from 121,001 to 115,280. This soft demand is forecast to continue for several years. Government has used funding that would otherwise have remained unspent to make targeted increases to tuition subsidy rates. At the same time, the share of enrolments in higher-cost courses (eg, engineering or ICT) is increasing. These changes together mean that the funded baseline is buying fewer EFTS at a higher average price.

### Issues and risks

The main challenges for universities are:

- › Reducing enrolments, and a reduced ability to generate revenue through increases to learner tuition fees, which are putting pressure on universities' business models. We are actively tracking and managing demand to ensure funding is fully utilised and that each university's strategic planning and funding reflect a realistic and sustainable pathway.
- › Addressing under-representation of Māori, and system under-performance for both Māori and Pasifika learners at degree and postgraduate levels of study. We continue to engage with universities in this area. While Plans for 2017-2018 make positive commitments to increase participation and narrow the achievement gap, the sector's response over the last decade has been weak in this critical area.
- › Increased international competition for learners and researchers creates challenges for New Zealand universities in terms of growing revenue and reputation. While their validity is debated, placement in university world rankings is particularly important in terms of attracting international students.
- › The University of Canterbury and Lincoln University have faced a number of challenges since the Canterbury earthquakes of 2010 and 2011, with significant impacts on enrolments, business models, and financial viability.

### 16 institutes of technology and polytechnics (ITPs): \$599.3m

<b>Number of institutions</b>	16		
<b>TEC funding</b>	\$599.3m (2017 calendar year) 20.6% of total government spending in tertiary education		
<b>Governance and ownership arrangements</b>	ITPs are TEIs under the Education Act 1989 and Crown entities under the Crown Entities Act 2004. Education Act 1989 amendments took effect in May 2010, setting ITP council membership at eight members, four of whom are appointed by the Minister, including the chair and deputy chair. The changes also allowed for combined councils. The first combined ITP council took effect on 1 January 2012, joining the councils of Weltec and Whitireia, and consisting initially of 12 members.		
<b>Key organisations and people in the sector</b>	<b>ITP</b>	<b>Council Chair</b>	<b>Chief Executive</b>
	Ara Institute of Canterbury	Therese Arseneau	Tony Gray
	Eastern Institute of Technology (EIT)	David Pearson	Chris Collins
	Manukau Institute of Technology (MIT)	Peter Winder	Gus Gilmore
	Nelson Marlborough Institute of Technology (NMIT)	Daryl Wehrner	Liam Sloan (Interim)
	Northland Polytechnic (NorthTec)	Wayne Jackson	Dr Mark Ewen
	Otago Polytechnic	Kathy Grant	Phil Ker

	Southern Institute of Technology (SIT)	Peter Heenan	Penny Simmonds
	Tai Poutini Polytechnic (TPP)	Andrew Robb (Chair), Murray Strong (Crown Manager)	Alex Cabrera (Acting)
	The Open Polytechnic of New Zealand	Murray Bain	Dr Caroline Seelig
	Toi Ohomai Institute of Technology	Cathy Cooney	Dr Leon de Wet Fourie
	Unitec Institute of Technology	Dr Lee Mathias	Dr Rick Ede
	Universal College of Learning (UCOL)	Malcolm Inglis	Leeza Boyce
	Waikato Institute of Technology (WINTEC)	Barry Harris	Mark Flowers
	Wellington Institute of Technology (WelTec)	Greg Campbell	Chris Gosling
	Western Institute of Technology at Taranaki (WITT)	Robin Brockie	Barbara George
	Whitireia Polytechnic	Greg Campbell	Chris Gosling

## Key issues and opportunities in the ITP subsector

### *Economic, demographic and policy change*

As a result of economic, demographic and policy changes in the wake of the GFC, ITPs face increased competition from the labour market, industry training, private training establishments (PTEs), wānanga, schools and universities. In combination with various aspects of their business models, this has driven down their profit margins. ITPs have responded chiefly through increased collaborative activity, and through growing their international enrolments.

### *Performance*

Since 2010, educational performance in ITPs has improved. With 16 ITPs across New Zealand, however, some struggle to deliver adequate educational quality and to attract enough learners to sustain financial viability. The 2010 reforms improved ITP governance. There is still, however, a limited pool of council members and top managers who can provide the governance and leadership needed in all ITPs. ITPs' financial challenges have been exacerbated by recent losses in funding for Level 1 and 2 provision, and by static or reduced demand for some regional and metropolitan ITPs such as TPP, Unitec and MIT.

### *Flexibility in models of delivery to meet changing needs*

ITPs need to deliver vocational education and training to learners who are in remote locations, balancing learning and working lives, may need to retrain, or have literacy and numeracy needs.

### **Tertiary Education Strategy priority groups**

ITPs have generally responded well to lifting the educational performance of the TES priority groups, although challenges remain in achieving parity for Māori and Pasifika learners, and drawing NEETs into tertiary education.

The Māori and Pasifika Trade Training initiative is creating new opportunities for encouraging Tertiary Education Strategy priority group learners into trades training using a consortium model.

### **Foundation education**

ITPs often link their foundation programmes with vocational programmes to provide students with a comprehensive pathway to higher levels. The ITP sector generally performed poorly in the recent contestable SAC levels 1 and 2 processes, resulting in a shift of approximately \$18 million in funding from ITPs to PTEs and Wānanga.

### **International education**

Many ITPs now rely heavily on income from international students to offset declining domestic student enrolments and other funding decreases; or sometimes to support capital projects or provider-specific initiatives. This reliance on international revenue streams means that ITPs' operating environment can be affected by a number of external factors beyond their control; in particular, changes to immigration policy settings.

### **What next for the ITP sector?**

Most ITPs are making ends meet. Some have taken steps to realise efficiencies, and many have undertaken initiatives to shore up their core business (especially by focusing on international markets). However, many ITPs – especially outside the big metropolitan centres – have no buffer against a downturn in revenue or increase in costs, and little or no money to invest in capital works or operational improvements. Over time, unless something changes, these ITPs will experience an event that tips them over the edge, or will gradually become less capable of delivering high-quality and attractive offerings to students.

TEC, in consultation with other agencies, is currently developing a work programme to actively manage sustainability and viability issues for the ITP subsector. We expect this to drive significant change in the subsector in the next three years. We will keep you closely informed.

### **Three wānanga: \$167m**

<b>Number of institutions</b>	3		
<b>TEC funding</b>	\$167m (2017 calendar year) 6.0% of total government spending in tertiary education		
<b>Governance and ownership arrangements</b>	Wānanga are TEIs under the Education Act 1989 and Crown entities under the Crown Entities Act 2004. Each wānanga is governed by a council. Under the Education Act, wānanga councils are to consist of not fewer than nine members and not more than 12. Four of these members are appointed by the Minister.		
<b>Key organisations and people in the sector</b>	<b>Wānanga</b>	<b>Chair</b>	<b>Chief Executive</b>
	Te Wānanga o Aotearoa (TWoA)	Vanessa Eparaima	Jim Mather – Te Taiurungi (Chief Executive Officer)

	Te Wānanga-o-Raukawa	Robin Hapi	Mereana Selby (Tumuaki)
	Te Whare Wānanga o Awanuiārangi (TWWOA)	Distinguished Professor Hirini Moko Mead KNZM	Professor Wiremu Doherty

## Key issues and opportunities in the wānanga subsector

### *Strong learner demand*

Compared to universities and ITPs, wānanga are less impacted by a strong labour market and fewer young students coming through. This is because the majority of wānanga students are older, and most are already employed. Since their establishment the wānanga have developed innovative delivery models to enable students access to study while they are working.

Two of the three wānanga delivered 102 percent of their SAC 3+ allocation in 2016 and were therefore entitled to additional funding. They are on track to do the same in 2017.

### *Realising the potential of wānanga*

Wānanga are skilled at connecting with “first learners” and those disengaged from tertiary education. They have the potential to turn these good participation rates into better socio-economic outcomes for learners and society, and to make a greater contribution to economic growth.

The Education Act 1989 mandates a wānanga role in ahuatanga Māori (tradition) and tikanga Māori (custom). Core wānanga provision such as tikanga, performing arts and te reo Māori delivers cultural outputs. For some learners, a gain in cultural skill, identity and understanding may be the desired end goal of participating in study at a wānanga. However, many learners at wānanga also seek tertiary education as a pathway to better socio-economic outcomes for themselves and their whānau, such as better employment and higher incomes.

Over the next three years, we want to leverage our investment in and partnerships with wānanga to help more learners transition from culture-focused foundation courses to higher levels and fields of study that are likely to deliver good post-study outcomes.

## Other TEOs

### **11 industry training organisations (ITOs): \$180.7m**

<b>Number of organisations funded</b>	11
<b>TEC funding</b>	\$180.7 million (2017 calendar year from Industry Training Fund and Strategic Leadership Fund) 6.2% of total government spending in tertiary education
<b>Governance and ownership arrangements</b>	Industry training organisations (ITOs) and their industry coverage are recognised by the Minister under the Industry Training and Apprenticeships Act 1992. ITOs are body corporates that are privately owned by industry. They have a variety of structures, including companies and charitable trusts. ITOs are required to have arrangements for involving employers in their

	governance.		
<b>Key organisations and people in the sector</b>	<b>Industry Training Federation</b> Josh Williams – Chief Executive Pat Walsh – Chair		
	<b>ITO Name/Trading Name</b>	<b>Chair</b>	<b>Chief Executive</b>
	New Zealand Marine and Composites ITO	Myles Fothergill	Chris van der Hor
	Building and Construction Industry Training Organisation Incorporated (BCITO)	Mike King	Warwick Quinn
	Community Support Services Industry Training Organisation Limited (Careerforce)	Richard Westlake	Ray Lind
	Competenz Trust (Competenz)	Mike Simm	Fiona Kingsford
	New Zealand Hair and Beauty Industry Training Organisation Incorporated (HITO)	Flora Gilkison	Kay Nelson
	Infrastructure Industry Training Organisation Incorporated (Connexis)	Frances Hague	David Worsnop
	MITO New Zealand Incorporated (MITO)	David O’Kane	Janet Lane
	Primary Industry Training Organisation Incorporated (Primary ITO)	Mark Darrow	Linda Sissons
	Service Skills Institute Incorporated (ServiceIQ)	Rick Christie	Dean Minchington
	The Skills Organisation Incorporated (The Skills Organisation)	Brian Nowell	Gary Fissenden
	Skills Active Aotearoa Limited (Skills Active)	Sam Napia	Grant Davidson

## Key issues and opportunities in the ITO subsector

### *Significant review of industry training (MoE-led)*

A review of industry training was carried out in 2012 by MoE with changes announced in 2013. Key changes were the introduction of New Zealand Apprenticeships from 2014, changes to funding rates, clearer roles and expectations of ITOs, the introduction of the Apprenticeship Reboot scheme, and establishment of competition by allowing employers direct access to the Industry Training Fund. Implementing and embedding in these changes has continued to be a focus since 2014. The Government also clearly signalled its expectation of improving performance from the ITO sector.

### *Shape of the ITO sector has changed considerably*

Over recent years there has been considerable consolidation within the ITO sector with numbers reducing from 39 ITOs in 2010 to 11<sup>8</sup> ITOs in 2015. This move to larger, well-scaled ITOs should lead to an enhanced level of service for employers, apprentices and trainees, as well as better educational outcomes.

### *Demand is rising in response to a stronger labour market and skill shortages*

With an upswing in the economy and growth in construction and infrastructure projects related to the Christchurch rebuild and Auckland growth, training demand has increased significantly. Growth in training demand has put pressure on funding and may require a rebalancing of investment from provider-based delivery to industry training. The Government allocated an additional \$14.4 million for apprenticeships from 2017 to 2020 in Budget 2016. An additional \$7 million over 4 years was transferred to industry training in 2017. A target of 50,000 apprentices by the end of 2020 was recently announced by the previous Minister for Tertiary Education, Skills and Employment.

### *Increased collaboration and vocational investment*

With fewer but larger ITOs there is scope to address some of the traditional barriers to cooperation and collaboration with other parts of the tertiary system. In particular, the relationship with institutes of technology and polytechnics needs to be strengthened and there is an opportunity to develop an investment strategy that focuses on vocational education and training more broadly rather than a subsector-based approach. Current tensions between ITOs and institutes of technology and polytechnics are rising as the latter targets work-based training to make up for declining full-time student enrolments and respond to demand from employers.

In addition, ITOs can facilitate greater employer engagement across the tertiary education system. ITOs work directly with a large range of industries, are involved in strategic workforce planning, develop qualifications and set skills standards for industries. They are therefore well placed to help industry and employers articulate their needs and expectations of tertiary education.

## **216 private training establishments (PTEs), 23 community education (CE) organisations, 379 schools, 44 others; \$357.5m total**

<b>Number of organisations</b>	662 organisations, comprising 216 private training establishments (PTEs), 23 community education (CE) organisations, 379 schools, and 44 "other".
<b>TEC funding</b>	\$357.5 million (2017 calendar year) 12.3% of total TEC spending in tertiary education

<sup>8</sup> There are now 11 TEC-funded ITOs, and one non-TEC-funded ITO (Funeral Services).

<b>Governance and ownership arrangements</b>	Privately owned organisations (some for-profit, some charitable trusts, some owned by multi-national companies or listed on the NZX, or other ownership arrangements)
<b>Key organisations and people in the sector</b>	<p><b>Peak bodies</b></p> <p><b>Independent Tertiary Education New Zealand (ITENZ)</b> – Christine Clark (Chair), Chen Palmer (Secretariat)</p> <p><b>Independent Tertiary Institutions (ITI)</b> – Neil Miller (Executive Director), Wendy Pyne (Co-Chair)</p> <p><b>Aotearoa Māori Providers of Tertiary Education and Employment (AMPTEE)</b> – Janeene Panoho/Christine Warren</p>
<b>Large groupings of PTEs</b>	<p><b>Academic Colleges Group</b>– John Williamson, Group Chief Executive</p> <p><b>Aspire2</b> – Susan Turner, Chief Executive</p> <p><b>Intueri Education Group</b> – Will Horridge, School Director</p>

## Key issues and opportunities in the private training establishment and community education subsector

### *Māori, Pasifika and under 25-year-old learner targets*

Historically, the PTE sector has seen a large proportion of enrolments in priority groups: Māori, Pasifika, and young learners at all levels.

Overall, PTEs are performing well in this area in participation, compared with other subsectors. However, we need to continue to focus on improving system performance for Māori and Pasifika learners to deliver parity with other learners. We also expect PTEs to increasingly focus on better outcomes for learners, such as higher employment and incomes.

In 2015 and 2016, an increased number of PTEs joined Māori Pasifika Trades Trading consortia and we expect this trend to continue.

### *Changes to foundation education funding for PTEs*

PTEs are often well placed to deliver foundation education due to their smaller sizes, niche foci, and often strong connections with community, iwi, and Pasifika communities.

In 2016, TEC and MoE introduced two new funding initiatives targeted at increasing the success and outcomes of foundation level learners – the Youth Guarantee DualPathways Pilot programme, and the SAC 3+2 model. Both of these funding initiatives allow learners to be enrolled both in secondary school and at a tertiary education organisation, and encourage a collaborative approach to achieving educational outcomes.

### *PTE amalgamations and mergers*

The number of individual PTEs has decreased in recent years, but a number of PTEs have grown in size due to mergers and acquisitions. Many PTEs view acquisitions as the only way they are likely to obtain additional TEC funding, due to a capped funding environment. In addition, the sector is dominated by three large common ownership groupings of PTEs: the Intueri Education Group, Academic Colleges Group and Aspire2 Group. The largest TEC funded PTE operating is New Zealand Management Academies, owned by the Academic Colleges Group.

# Appendix D: TEC's Board and Management

## Board of Commissioners

TEC's Board comprises eight Commissioners. The Chair is appointed by you as Minister.



**Chair, Nigel Gould ONZM**

Nigel is a chartered accountant, with a career in management positions including managing director of a publicly listed company. He has been a Commissioner on our Board since May 2013 and is:

- › Chair of the Civil Aviation Authority of NZ, the Young Enterprise Trust and Destination Marlborough
- › a director of other companies.

Nigel served on the Massey University Council for 10 years, including six years as Chancellor. In 1980, he was elected to the Wellington Harbour Board and became Chair. He continued this involvement with port governance as Chair of Centreport until 2008. He is a past President of the Wellington Regional and New Zealand Chambers of Commerce.

Over the past 30 years, Nigel has established companies in the information technology, primary and exporting sectors, and has recently taken an active interest in tourism. He is a Fellow of the New Zealand Institute of Chartered Accountants and the Institute of Directors. In 2010, he was made an Officer of the New Zealand Order of Merit and awarded an honorary doctorate of commerce by Massey University.



**Commissioner, Sir Christopher Mace**

Chris has a background in business and business governance in the government, public and private sectors. He has been a Commissioner on our Board since May 2013 and:

- › is Chairman of the National Institute of Water and Atmospheric Research
- › was a founding trustee of the Sir Peter Blake Trust.

Chris works closely with the tertiary sector, with a focus on marine science and research. He chaired a support group for the redevelopment of the Marine Research Campus for the University of Auckland at Leigh. He is a former Chair of the Institute of Environmental and Scientific Research (ESR) and Antarctica New Zealand.

In 2004, Chris was made a Companion of the New Zealand Order of Merit for services to Antarctica and the community. In 2015, he was inducted into the Business Hall of Fame and, in 2016, made a Knight Companion of the New Zealand Order of Merit for services to science and education. He was Māori Business Leader of the Year in 2011.



**Commissioner, John Morris ONZM**

John has extensive experience in education and has been a Commissioner on the TEC Board since November 2012. He is a member of the Education New Zealand Board and the Partnership Schools' Authorisation Board, and is:

- › founding Chair of the Association of Cambridge Schools in New Zealand
- › Senior Education Advisor for Cambridge International Examinations.

John is a former Chair of the Education Forum. He was the Headmaster at Auckland Grammar School for 20 years, the Principal of Takapuna Grammar School and a member of the University of Auckland Council. In 2013, John was made an Officer of the New Zealand Order of Merit for services to education. In 1999, he was awarded a Woolf Fisher Fellowship for Outstanding Educational Leadership.



**Commissioner, Phil O'Reilly ONZM**

Formerly Chief Executive of BusinessNZ, New Zealand's largest business advocacy group, Phil is now the Director of Iron Duke Partners Limited. He has been a Commissioner on our Board since September 2013 and is:

- › Chair of the Board of the Business and Industry Advisory Committee to the OECD
- › a member of the governing body of the International Labour Organisation
- › Chair or member of several public and private advisory boards in areas as diverse as manufacturing, exports, trade, tax, retirement, research and development, innovation, employment, child poverty, health and safety, skills, government procurement and sustainable business.

Phil and his Wellington-based team work with companies, organisations and political and other decision-makers, advocating for New Zealand's success through sustainable economic growth. Phil chaired New Zealand's Green Growth Advisory Group. In 2016, he was made an Officer of the New Zealand Order of Merit for his services to business and governance.



**Commissioner, Susan Paterson ONZM**

Susan has been a professional director since 1996. She has been a Commissioner on our Board since June 2015 and is:

- › Chair of Theta Systems Ltd and Steel and Tube Ltd
- › Director of the Electricity Authority, Goodman NZ, Arvida Ltd, SkyTV, and Les Mills NZ Ltd.

Susan completed an MBA at the London Business School, before working in management roles in the UK and New Zealand. For 10 years, she was a strategy consultant for Boston-based Index Group throughout Europe and USA. Previous directorships include Ports of Auckland Ltd, Transpower NZ Ltd, Auckland Regional Holdings and Tower Health and Life.

Susan has a keen interest in sport, education and the environment. She is Chair of the Home of Cycling (Avantidrome), past Chair of NZ Eco-Labeling Trust and Auckland Hockey, and a past board member of St Cuthbert's College and EECA.

In 2015, she was made an Officer of the New Zealand Order of Merit for her services to corporate governance. She is also a Chartered Fellow of the Institute of Directors.



**Commissioner, Vanessa Stoddart**

Vanessa has been a Commissioner on our Board since September 2013 and is:

- › a member of the Financial Markets Authority Board
- › an independent director for NZ Refinery Limited, The Warehouse Group Limited and Alliance Group
- › a board member of Global Women and on the Board of Kings College School
- › BusinessNZ's representative on the Defence Forces Employer Support Council, and
- › a member of the Audit and Risk Committees of the Department of Conservation and MBIE; and
- › a Director of Heartland Ltd.

Vanessa was also previously a member of the Better Public Services Advisory Board and Chair of the Otago University Business School Advisory Board. Before her governance career, for nearly 10 years, Vanessa was Group General Manager of People at Air New Zealand and, in later years, Technical Operations. Before that, she was Chief Executive at Carter Holt Harvey Packaging Australia.

Vanessa is a member of both the Australian and New Zealand Institute of Directors and an honorary fellow of the Human Resources Institute of New Zealand. She is also a Companion of the Institute of Professional Engineers New Zealand.



**Commissioner, Alastair MacCormick,**

Alastair has extensive experience in education and business and has been a Commissioner on our Board since June 2017. He is an Emeritus Professor of the University of Auckland, having been 14 years Dean of Business and Economics before becoming Vice-Chancellor.

Over the last 15 years Alastair has been active with innovation in New Zealand, ranging across IT, biotech and health. Currently, he chairs Photonz Corporation Limited and Caldera Health Limited.

He was appointed to the NZ Government Innovation Board on its establishment in 2011 and continues as a member of the Callaghan Innovation Grants Committee.

## The Senior Management Team

This presents TEC's Senior Management Team as at 1 September 2017. The team's makeup will change as we integrate our tertiary and careers functions into a new operating model early in 2018.



**Chief Executive, Tim Fowler**

Tim has held the position of Chief Executive since April 2013. He was previously Deputy Chief Executive, Quality Assurance at the New Zealand Qualifications Authority. Tim has held leadership positions in Australia and New Zealand in both the private and university sectors, after starting his career in the Department of Prime Minister and Cabinet. Tim has an Honours Degree from Victoria University, a Masters from the East-West Center and the University of Hawaii, and executive education from INSEAD and the Wharton School at the University of Pennsylvania.



**Deputy Chief Executive Operations, Mike Blanchard**

Mike joined TEC in January 2017 as Deputy Chief Executive Operations. In this role, Mike leads our Operations Directorate, which encompasses all of our tertiary education sector-facing activities, including investing, monitoring and relationship management.

Mike has spent 20 years growing businesses across Europe, Asia and the South Pacific. He brings to TEC extensive strategy and leadership experience which spans commercial, legal, contract management, governance and risk, customer services, marketing and project management.

In his previous role at Sydney Trains, Mike was responsible for a \$1.7bn spend across both critical and non-critical portfolios.

Mike has a Masters in Supply Chain Management.



**Deputy Chief Executive Finance, John Soulis**

John recently joined us from MBIE, where he was the Manager of the Strategic Finance team and Capital Portfolio Office for three years. At MBIE's inception he developed its Strategic Financial Plan, the basis for forecasting its financial position. John has oversight of a large financial management function. His team manages our HR, organisational performance and reporting, project management and statutory accountability documents. A CA qualified accountant, John has 25 years' experience in financial services, banking and telecommunications.



### **Deputy Chief Executive Information, Brendan Kelly**

Brendan leads the development and operation of the information systems and products that underpin TEC's business. Before joining TEC in 2014 Brendan worked on two large ICT hospital projects in Melbourne. He was the ICT Program Manager for the \$447.5 million redevelopment of Box Hill Hospital, and Director IT Architecture for the \$1.2 billion New Royal Children's Hospital. He was previously Chief Advisor Health Information Strategy and Policy at the New Zealand Ministry of Health.



### **Deputy Chief Executive Careers Transition, Julian Smith**

Julian has been leading businesses for more than 14 years in Australia and New Zealand and has an extensive background in strategy, marketing and customer experience. Most recently he led the customer experience strategy for IAG New Zealand and was head of corporate strategy and customer experience for Westpac. Julian sits on the board of the Auckland Philharmonia Orchestra and has worked in a broad range of sectors including financial services, FMCG, retail, internet, telecommunications, utilities and government.

A national award recipient for innovation, export growth and workplace diversity, Julian holds a Bachelor of Laws and a Bachelor of Commerce from the University of Auckland, and an associate diploma in public speaking from Speech New Zealand.



### **Chief Advisor Māori, Paora Ammunson**

Bringing significant experience on the governance boards of tribal, government, farming, sporting and commercial bodies, Paora has operated his own management consultancy business since 1998. Playing a leadership role in key Government initiatives over many years, such as the Rugby World Cup and APEC leaders forum, he chaired the Wairarapa Rugby Union until this year and was recently elected to the South Wairarapa District Council. Of Ngati Kahungunu, Rangitane ki Wairarapa and Te Arawa whakapapa, Paora has served his family marae in Greytown since the 1980s.



**General Manager - Professional Development Services, Christine Hayden,**

Christine Hayden leads the development and delivery of professional development services for those directly influencing young people's career choices.

Christine has over 20 years' teaching and research experience in adult education. Designing, developing, delivering and co-ordinating trade-related, experiential learning programmes, she has helped young people make successful transitions from tertiary study to further education and employment.



**General Manager - Channels and Digital Resources, Jane Ratcliffe**

Jane Ratcliffe has overall responsibility for the digital tools for [www.careers.govt.nz](http://www.careers.govt.nz), Advice Line and resource production. Jane also oversees the communications and marketing channels used to extend reach to those who need assistance with career decision-making.

Jane has worked in the online space for 20 years and has a wealth of experience in digital product development, strategy and people management. Before joining Careers New Zealand Jane led the team behind the Commission of Financial Capability's digital platforms, including Sorted. She also has extensive experience in public and private sector organisations including Contact Energy, Internal Affairs, the State Services Commission and Paragon PR.



**General Manager - Knowledge and Organisational Performance, Julie Thomas**

Julie Thomas has senior management accountability for the HR, and Planning and Reporting functional areas at TEC.

During her time with Careers New Zealand Julie has held leadership roles in business transformation, improving corporate systems and processes, and developing new products and services. Julie is passionate about the value of lifelong career development and building the careers profession in New Zealand and internationally.



**General Manager - Education to Employment Connections, Mitch de Vries**

Previously a careers consultant, Mitch de Vries leads a team focused on system-level interventions connecting education and employment to improve career pathways at important transition points in young people's learning and working lives.

She is interested in work that supports people as they navigate pathways for improved personal outcomes. Mitch passionately believes in the work of the Careers Directorate and the difference it can make to people and their families, employers, and to the country as a whole.

## Glossary

ACE	Adult and Community Education – community-based education which provides adults with foundation skills and pathways into other learning opportunities that meet identified community needs and funded priorities.
CoREs	Centres of Research Excellence – inter-institutional research networks with researchers working together on a commonly agreed work programme; each hosted by a university and generally comprising a number of partner organisations, including other universities, Crown Research Institutes and wānanga.
EPIs	Educational Performance Indicators – the criteria used to measure the performance of TEOs; currently, course completion, qualification completion, student progression and student retention, except for industry training organisations (ITOs) where the measures are credit achievement and completion of programmes.
EFTS	Equivalent full-time students – the main unit of measurement of the consumption of education (with one student enrolled in a programme of study full-time for the full-year equating to 1.0 EFTS); also the basic unit of measurement of tertiary teaching input for Student Achievement Component funding.
Gateway	A programme available to state and integrated schools to support senior secondary students undertaking structured workplace learning across a range of industries and businesses, while continuing to study at school.
IDI	Integrated Data Infrastructure – a data resource hosted by Statistics New Zealand linking detailed microdata data about individuals and households from the data collections of multiple government agencies. The IDI contains data about (amongst other things) school and tertiary education participation and achievement, student loans, employment and earnings, benefit receipt, migration, health and safety, and contact with the justice system.
ITF	Industry Training Fund – funding of training that will be, or is likely to be of use to a particular industry; delivered by and to people involved in the relevant industry.
ITO	Industry training organisation – an industry specific body recognised under section 5 or 8(1) of the Industry Training and Apprenticeships Act 1992 that facilitates workplace learning for trainees in employment by setting national skills standards for their industry.
ITPs	Institutes of technology and polytechnics.
LNAAT	Literacy and Numeracy for Adults Assessment Tool – an online software tool that provides robust and reliable information on the reading, writing, numeracy and vocabulary skills of adults. TEOs delivering foundation education must use the Tool as a condition of TEC funding.
NCEA	National Certificate of Educational Achievement – the set of national qualifications for senior secondary school students.
NEETS	Not in employment, education or training.
NZQA	New Zealand Qualifications Authority – a Crown entity charged with approving qualifications and components, and registering and accrediting TEOs (other than universities) to deliver against these qualifications and/or assess against standards.
NZQF	New Zealand Qualifications Framework – the list of all nationally registered qualifications, arranged into ten levels from foundational school and tertiary qualifications (including NCEA) through to doctorates.

PBRF	Performance-Based Research Fund – a fund established to ensure that excellent research in the tertiary education sector is funded and rewarded. The PBRF is accessed by universities, institutes of technology and polytechnics, wānanga and private training establishments.
PLF	Performance-Linked Funding – one of a number of approaches intended to improve educational outcomes for students and employers and improve value for taxpayers’ money through targeting funding to encourage all TEOs to reach an acceptable standard of educational performance.
SAC	Student Achievement Component – the Government’s contribution to the direct costs of teaching and learning and other costs driven by learner numbers; the largest single government fund that supports tertiary education.
STEM	Science, technology, engineering and mathematics.
TEIs	Tertiary education institutions – providers of tertiary education that are Crown entities under section 162 of the Education Act 1989; namely universities, institutes of technology and polytechnics, and formally established wānanga.
TEOs	Tertiary education organisation – the overarching term for all public, private or community-based organisations that offer tertiary education or tertiary-related services.
TES	Tertiary Education Strategy – the high-level set of priorities and associated strategies issued periodically by the responsible Minister as required by legislation.
VET	Vocational education and training.
YG	Youth Guarantee – an initiative to provide a variety of opportunities for young people, alongside or instead of senior secondary school, to achieve an NCEA Level 2 or equivalent qualification. This includes fees-free tertiary places for those aged 16–19.