

Nigel Gould  
Chair  
Tertiary Education Commission  
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Dear Nigel

### **Delegation to fund fees-free tertiary education in 2018**

I am writing to advise you of a delegation to administer funding for the fees-free tertiary education initiative in 2018. The details of this initiative from 1 January 2018 have been agreed by Cabinet [CAB-17-Min 0515 refers]. The fees-free tertiary education initiative aims to make the first year of tertiary education or training fees-free for new students or trainees from 1 January 2018.

This initiative supports the Government's commitment to make tertiary education and training affordable for all by:

- expanding access and participation, especially for those who have not previously studied or those for whom finance has been a real barrier to participation
- improving affordability and reducing debt levels
- supporting lifelong learning
- ensuring the benefits of tertiary education for New Zealanders, including residents with an ongoing commitment to New Zealand, are shared through a highly-skilled population contributing to a strong society and thriving economy.

I delegate to the Tertiary Education Commission (under section 159F(1)(e) of the Education Act 1989) authority to make payments from 1 January 2018 to tertiary education organisations (TEOs) for fees on behalf of students, trainees and/or their employers (for the Industry Training Fund), for enrolments:

- in tertiary education or training programmes from 1 January 2018 funded by the TEC through either the:
  - Student Achievement Component (SAC) provision at Level 3 and above on the New Zealand Qualifications Framework (NZQF); or
  - Industry Training Fund; or
  - Section 321 grants, administered by the Tertiary Education Commission (TEC) that fund TEOs to deliver tertiary education provision; and
- that meet specific eligibility criteria for the fees-free tertiary education initiative, as set out in the respective funding determinations of the two funds, and in this letter for section 321 grants.

In giving effect to this delegation, I expect that the TEC will work with the sector and other government agencies to support the implementation of the fees-free tertiary education initiative, and advise me of any significant implementation issues that arise.

The eligibility for, and the payment of, fees under the fees-free tertiary education initiative will have different arrangements under the two funds and in the section 321 grants. The expectations for the fees-free tertiary education initiative fee payments for tertiary education or training funded through the three funding options are outlined in the paragraphs below.

#### *SAC provision at Level 3 and above on the NZQF*

Student eligibility for TEC to make fee payments to TEOs on their behalf under the fees-free tertiary education policy is set out in paragraphs 73C and 73D of the funding determination for SAC provision at Level 3 and above on the NZQF.

Paragraph 73D sets out that *“The TEC may use discretion to determine that a student who does not meet all of the criteria in paragraph 73C is eligible for fees-free tertiary education provision after considering the student's exceptional personal circumstances.”* In determining cases of exceptional personal circumstances, the TEC should take into account the intent of the fees-free tertiary education initiative, to support the first year of tertiary education or training fees-free for new students and trainees, and eligibility focus on those resident in New Zealand with an ongoing commitment to New Zealand.

TEOs are required to charge fees for students eligible for fees-free tertiary education to the TEC for payment on behalf of the student (see paragraph 73E).

The maximum payment made by the TEC on behalf of the student for fees is set in paragraph 73F, and fees are defined in paragraph 73G of the funding determination for SAC provision at Level 3 and above on the NZQF.

#### *Industry Training Fund*

Student eligibility for TEC to make fee payments to TEOs to cover training and assessment costs under the fees-free tertiary education policy is set out in paragraphs 47C and 47D of the funding determination for the Industry Training Fund.

Paragraph 47D sets out that *“The TEC may use discretion to determine that a student who does not meet all of the criteria in paragraph 47D is eligible for fees-free tertiary education provision after considering the trainee's exceptional personal circumstances.”* In determining cases of exceptional personal circumstances, the TEC should take into account the intent of the fees-free tertiary education initiative, to support the first year of tertiary education or training fees-free for new students or trainees (noting that industry training has a 24 month entitlement, reflecting that training is not full-time as is undertaken while they are also in employment).

Not all industry training programmes are eligible for the fees-free tertiary education initiative. The only programmes that are eligible are: on the New Zealand Qualifications Framework at Level 3 or above, approved by the New Zealand Qualifications Authority and comprises at least 120 credits (this includes all New Zealand Apprenticeships).

The TEC must determine arrangements with TEOs funded through the Industry Training Fund for the operation of fees-free tertiary education for 2018 calendar year based on the following principles:

- a) eligible trainees and their employers will not be charged by TEOs or any provider contracted by the TEOs for training and assessment costs
- b) the TEC will pay TEOs the identified actual and reasonable cost, as determined by the TEC, of the fees (with the proposed fees and charges in 2018 as the baseline for establishing payment)
- c) TEOs will be required to ensure that trainees fully benefit from the fees-free policy – ensuring that employers and training/assessment providers do not charge trainees for costs covered by the payment to TEOs (whether as explicit training and assessment fees, or as part of a broader fee, or by deductions from wages).

The maximum payment made by the TEC for fees and assessment costs for training and assessment funded through the Industry Training Fund relates to a time period set out in paragraph 47F, and fees are defined in paragraph 47G of the funding determination for the Industry Training Fund.

### *Section 321 Grants*

Tertiary education provision funded by the TEC under section 321 grants to TEOs are eligible for fees-free tertiary education initiative, if programmes meet eligibility criteria that applies to provider-based tertiary education provision (SAC provision at Level 3 and above on the NZQF).

Eligible programmes are those that are:

- a) recognised by the New Zealand Qualifications Authority, or Universities New Zealand; and
- b) part of a qualification or training scheme on the NZQF at Level 3 or above.

Given this eligibility criteria, only section 321 grants to the New Zealand School of Dance and Toi Whakaari: New Zealand Drama School meet the criteria currently. If there are any other subsequent section 321 grants that meet this criteria, they can be included in the fees-free tertiary education initiative.

As any tertiary education provision funded under section 321 grants is eligible based on provider-based programme eligibility, I expect other conditions, such as student eligibility and fee payment settings to align with those set for fees-free provider-based tertiary education.

Student eligibility for fees-free tertiary education funded under section 321 grants is the same student eligibility criteria that applies to SAC provision at Level 3 and above on the NZQF. Student eligibility is set out in paragraphs 73C and 73D of the funding determination for SAC provision at Level 3 and above on the NZQF.

Paragraph 73D sets out that *“The TEC may use discretion to determine that a student who does not meet all of the criteria in paragraph 73C is eligible for fees-free tertiary education provision after considering the student's exceptional personal circumstances.”* In determining cases of exceptional personal circumstances for provision funded under section 321 grants, the TEC should take into account the intent of the fees-free tertiary education initiative, to support the first year of tertiary education or training fees-free for new students and trainees, and eligibility focus on those resident in New Zealand with an ongoing commitment to New Zealand.

In terms of payments, the maximum payment of fees on behalf of students by the TEC, and the definition of fees for section 321 grants should align with those that apply to SAC provision at Level 3 and above on the NZQF. These are set in paragraphs 73F and 73G of the funding determination for SAC provision at Level 3 and above on the NZQF.

*Time period for delegation to fund fees-free tertiary education in 2018*

This delegation applies to payments for the fees-free tertiary education initiative from the date of this letter until the end of the 2018/19 financial year. The TEC may exercise any of its administrative functions as required to give effect to this delegation outside of these dates.

Yours sincerely

Chris Hipkins  
Minister of Education