



## Education Report: Funding determination for Adult and Community Education

To:	Hon Chris Hipkins, Minister of Education		
Date:	19 August 2020	Priority:	Medium
Security Level:	In Confidence	METIS No:	1237051
Drafter:	Nicole Rennie	Phone:	s 9(2)(a)
Key contact and number:	Kieran Forde Shelley Robertson	Phone:	
Messaging seen by Communications team:	No	Round robin:	No

### Purpose of report

This report seeks your agreement to the funding determination issued under section 419 of the Education and Training Act 2020, for Adult and Community Education.

## Recommended actions

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The Ministry of Education recommends you:

### Funding determination

- a. **note** that you agreed to consult on the proposed changes to Adult and Community Education [METIS 1232680 refers]
- b. **agree** that the funding determination for Adult and Community Education (attached in Annex 1) takes effect from 1 January 2021

**Agree / Disagree**

- c. **sign** the attached letter to the Chair of the Tertiary Education Commission

**Agree / Disagree**

### Letter of delegation

- d. **note** that Cabinet agreed on May 11 to \$0.5 million of funding in the 2020/21 financial year, and \$1 million in each financial year thereafter being appropriated to fund ACE Aotearoa [CAB-20-MIN-0219.27 refers]
- e. **agree** to \$0.5 million of funding in the 2020/21 financial year, and \$1 million in each financial year thereafter, from the Tertiary Sector / Industry Collaboration Projects appropriation in Vote Tertiary Education be delegated to be used by the Tertiary Education Commission to fund ACE Aotearoa
- f. **sign** the attached draft letter of delegation (attached as Annex 2) that, under section 409(j) of the Education and Training Act 2020, delegates responsibility to the TEC to administer this funding
- g. **agree** to proactively release this education report.

**Agree / Disagree**

**Agree / Disagree**

  
Katrina Sutich  
Group Manager, Tertiary Education  
Te Ara Kaimanawa

19/08/2020

  
Hon Chris Hipkins  
Minister of Education

28/9/20

## Background

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1. The Minister of Education provides instructions about tertiary education funding to the Tertiary Education Commission (TEC) in the form of determinations issued under section 419 of the Education and Training Act 2020 (the Act). Once the Minister has issued a funding determination, the TEC develops operational details of how to implement the determination. Funding determinations are reissued from time to time to reflect changes in Government policy, or if they are time limited and expire.
2. On May 11 2020, Cabinet agreed an initiative which provided funding for building the capability of providers and expanding the range of Government-funded Adult and Community Education (ACE) to better meet the learning needs of New Zealanders in the post COVID-19 21st century [CAB-20-MIN-0219.27 refers].
3. We provided you with advice on a modern approach to night classes [METIS 1232680 refers]. You agreed to consult on the proposals, as required under section 423 of the Act.
4. This paper seeks your agreement to implement the Budget initiative described above by issuing two funding mechanisms: the funding determination for Adult and Community Education (ACE), and a letter to delegate authority to the TEC to administer funding for ACE Aotearoa.

## ACE funding determination

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### **The sector was mainly supportive of the changes to the funding determination**

5. We consulted the ACE sector from Thursday 16 July until Friday 31 July 2020 on the proposed changes to the ACE funding determination. An email with accompanying material was sent out by the TEC to 70 ACE providers and 9 ACE sector representatives.
6. We received 37 responses (further detail found in Annex Three):
  - Eleven from schools
  - Seven from community groups who deliver ACE provision
  - Six from private training establishments
  - Four from subsidiaries of the New Zealand Institute of Skills and Technology (NZIST)
  - Four from ACE associations
  - Three from national representative groups
  - One from a Rural Education Activities Programme
  - One from a wānanga
7. The overall tone of the consultation was positive and supportive of the changes proposed, with individual concerns. Five key themes across the submissions are summarised below.

### Collection of National Student Numbers (NSNs)

8. There were mixed views on the new requirement to collect and assign NSNs for schools and PTEs. Many providers understood why we proposed this requirement – to collect better information on ACE’s contribution to learner success. However, many providers were concerned about the perceived barrier this may be for the learner and the increased costs involved in creating new NSNs.
9. The identification required to assign or create a NSN is the same as the identification expected to be provided when enrolling at an education provider. The TEC is currently working with the ACE sector to increase compliance with identification requirements. We expect that from 2021, with a few exceptions, all ACE learners will enrol with the correct identification. It is not apparent how introducing collecting and creating NSNs from 2022 would create an extra barrier on top of the identification barrier already in place.
10. We have previously advised on the increase in time and opportunity cost involved in assigning and allocating NSNs. We believe that the benefit the data will bring is worth the opportunity cost. We also have proposed that NSN collection begin in 2022, so providers will have a year to expand or create their processes.

### Coordination funding for schools

11. Submitters were strongly supportive of the ring-fencing of \$500,000 for ACE co-ordination by schools. However, many wanted this to be available to all schools, rather than the TEC potentially targeting the funding to new schools and/or schools offering relatively small amounts of ACE. The focus on new schools and/or schools offering relatively small amounts of ACE was to build back up a range of provision to service all New Zealanders.
12. Schools that currently offer ACE do so without additional co-ordination funding. This suggests that while co-ordination funding can make it easier for schools to deliver ACE, it is not always essential. We previously advised that we may undertake further work on funding rates for ACE in schools and ACE in communities [METIS 1232680 refers]. Once TEC has allocated funding for 2021, we will monitor the uptake to evaluate whether any changes are needed for 2022.
13. REAP Aotearoa was supportive of the coordination funding for schools, but thought that in the first instance funding should be targeted to schools in rural and provincial areas where they are unable to benefit from the economies of scale that exist in urban centres. Within the current proposal, the TEC will have the discretion to target funding depending on the applications it receives, which could mean that rural and provincial schools benefit. This also aligns with other policy incentives, such as the TEC taking into account access to ACE throughout New Zealand when allocating funding.
14. Community groups and ACE associations were also supportive of extending this funding to community groups who co-ordinate ACE across a region or community. As they currently receive more funding per hour than schools for ACE provision, we do not recommend extending the pool of funding to them at this time.

### Requirement to work with local employers

15. We consulted on requiring ACE providers to consult with local industry, employers and Regional Skills Leadership Groups when running courses aimed at improving employability, to help providers identify community learning needs. A number of submitters urged that this should only be required when it is relevant to the course, and not for general employability skills (e.g. CV writing). We recommend changing this condition to state that this is required when appropriate.

### Competition from NZIST and wānanga

16. Many ACE providers raised concerns about competition from NZIST subsidiaries and wānanga. There has been no change in policy arrangements from previous years. NZIST subsidiaries and wānanga have their own sub-set of priorities, which sit underneath the wider ACE priorities. ACE allocations decisions are at the discretion of the TEC.

### ACE in Schools funding rates are too low

17. While providers acknowledged the 1.6% increase to funding rates for ACE provision, many emphasized that the rate for ACE in Schools is too low, especially when compared to others in the sector.
18. While we acknowledge their concern, we do not recommend seeking funding at this time to increase the ACE in Schools rate further. This may be something you want to consider in future.

### **Other minor changes**

19. We have also made minor drafting changes to the funding determination in consultation with TEC. These minor amendments improve the clarity and consistency of wording and do not contain any policy changes.

### Letter of delegation

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20. On May 11 2020, as part of the wider ACE initiative, Cabinet agreed to \$0.5 million in the 2020/21 financial year, and \$1 million each financial year thereafter for ACE Aotearoa.
21. We recommend that this funding is administered by the TEC. We have drafted a letter delegating authority to the TEC to administer the funding to ACE Aotearoa through section 409(j) of the Act.
22. This letter will allow the TEC to continue to fund ACE Aotearoa.

### Next Steps

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23. We have enclosed the varied funding determination for your approval. We have also attached a letter for your signature, to the Chair of the TEC Jenn Bestwick, advising her of your determination of the design of the funding mechanism (Annex 1). We have also included a letter of delegation authorising the TEC to administer funding to ACE Aotearoa (Annex 2).
24. We recommend you sign the letters attached in the Annexes and send them with the funding determination to the TEC.

25. The TEC will publish the funding determination and letter of delegation on its website to communicate these to the sector. The TEC will also update their 2020 funding letters to tertiary providers expected to be sent in October.

#### Annex One

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ACE funding determination with accompanying letter

#### Annex Two

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Letter of delegation to the TEC to administer funding to ACE Aotearoa

## Annex Three

### Submitters by provider type

Provider type	Number	Provider
School	11	<ol style="list-style-type: none"> <li>1. Aorere College</li> <li>2. Fraser High School</li> <li>3. Glenfield College</li> <li>4. Kamo High School</li> <li>5. Onehunga High School</li> <li>6. Papanui High School</li> <li>7. Rutherford College</li> <li>8. Selwyn College</li> <li>9. Wellington High School</li> <li>10. Hagley Adult Literacy Centre (funded as a school)</li> <li>11. Tawa College</li> </ol>
Private Training Establishment	6	<ol style="list-style-type: none"> <li>1. Anamata</li> <li>2. English Language Partners New Zealand</li> <li>3. Pacific Coast Technical Institute</li> <li>4. Te Rūnanga o Tūrangānui a Kiwa</li> <li>5. Waikato Institute of Education</li> <li>6. Quality Education Services</li> </ol>
Subsidiary of the NZIST	4	<ol style="list-style-type: none"> <li>1. Ara Institute of Canterbury</li> <li>2. Eastern Institute of Technology</li> <li>3. Unitec Institute of Technology</li> <li>4. Western Institute of Technology At Taranaki</li> </ol>
Wānanga	1	<ol style="list-style-type: none"> <li>1. Te Whare Wānanga o Awanuiārangi</li> </ol>
REAP	1	<ol style="list-style-type: none"> <li>1. Central Otago REAP</li> </ol>
Community education provider	7	<ol style="list-style-type: none"> <li>1. Katikati Community Centre</li> <li>2. Mokoia Community Association</li> <li>3. Risingholme Community Centre</li> <li>4. Stopping Violence Services (Christchurch)</li> <li>5. 20/20 Trust</li> <li>6. Sustainable Living Education Trust</li> <li>7. Literacy Waitakere</li> </ol>
ACE association	4	<ol style="list-style-type: none"> <li>1. Waitakere ACE Association</li> <li>2. Community Learning Association through Schools</li> <li>3. ACE Aotearoa</li> <li>4. Auckland Schools Community Education Association</li> </ol>
National organisation	3	<ol style="list-style-type: none"> <li>1. Deaf Aotearoa</li> <li>2. Federation of Workers' Educational Associations</li> <li>3. REAP Aotearoa</li> </ol>