



Education Report: Finalising funding determinations, fee regulation settings and delegations for 2024

To:	Hon Jan Tinetti, Minister of Education		
Date:	17 August 2023	Priority:	Medium
Security Level:	In Confidence	METIS No:	1314401
Drafter:	Liz Haynes	DDI:	9(2)(a)
Key Contact:	James Campbell	DDI:	
Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

1. This report seeks your agreement to variations to funding determinations and fee regulation settings for 2024 following sector consultation. It also seeks your agreement to an updated funding delegation for Fees Free, and a new funding delegation for the Tūwhitia – Accelerating Learner Success Fund.

Summary

2. Consultation has been carried out on proposed variations to 12 funding determinations and fee regulation settings relating to the Annual Maximum Fee Movement (AMFM) and student services fees.
3. The majority of feedback on the funding determinations did not relate directly to the proposed variations, instead introducing new suggestions or requesting policy changes. This feedback has been passed on to the relevant policy teams for consideration, but is not reflected in the annexed funding determinations as more work is required before changes could be proposed.
4. We recommend some minor changes in response to feedback. We also propose an additional variation to categorise delivery to learners residing in a Correctional facility as 'provider-based' rather than 'extramural' for funding purposes. The annexed determinations are otherwise the same as the drafts you previously approved for consultation [METIS 1309258 and METIS 1310304 refer].
5. Sector feedback on fee regulation was that the proposed AMFM rate of 2.8 percent is too low in comparison to provider costs and inflation. We recommend proceeding with this rate, given that a higher AMFM rate would require Cabinet approval for additional funding and would impact the affordability of tertiary education for learners. Feedback on other changes was mixed, but we recommend proceeding with the majority of proposed changes to improve flexibility within the existing policy settings in the short term.
6. We propose some minor updates to the Fees Free funding delegation (which does not have a legislative requirement for consultation) for 2024. The proposed changes remove details for the Targeted Training and Apprenticeship Fund (which has ended)

and align learner eligibility requirements with recent clarifying Cabinet decisions [SWC-23-MIN-0066 refers]. We also propose to remove prescriptive requirements relating to impacts of COVID-19, while continuing to include COVID-19 as a cause for exceptional personal circumstances.

7. Finally, we have drafted a new funding delegation for the Tūwhitia – Accelerating Learner Success Fund, which was recently approved by Cabinet [SWC-23-MIN-0078 refers]. This would come into effect from the date you sign the delegation.

Recommended Actions

The Ministry of Education recommends you:

- a. **note** that you previously approved proposed variations to 12 funding determinations [METIS 1309258 refers] and proposed changes to fee regulation settings [METIS 1310304 refers] for public consultation

Noted

- b. **note** that a summary of feedback received on the proposed variations to funding determinations is attached (Annex 1)

Noted

- c. **agree** to categorise delivery to learners residing in a Correctional facility as 'provider-based' rather than 'provider-based: extramural' for the purposes of delivery at Levels 3-7 (non-degree) on the New Zealand Qualification and Credentials Framework (Annex 4)

Agree / Disagree

- d. **agree** that the following funding determinations, as annexed, take effect from 1 January 2024:

Annex 2	Adult and Community Education	Agree / Disagree
Annex 3	Delivery at Levels 1 and 2 on the New Zealand Qualifications and Credentials Framework	Agree / Disagree
Annex 4	Delivery at Levels 3-7 (non-degree) on the New Zealand Qualification and Credentials Framework and all industry training	Agree / Disagree
Annex 5	Delivery at Level 7 (degree) and above on the New Zealand Qualifications and Credentials Framework	Agree / Disagree
Annex 6	English Language Teaching	Agree / Disagree
Annex 7	Equity Funding	Agree / Disagree
Annex 8	Literacy and Numeracy Provision	Agree / Disagree
Annex 9	Māori and Pasifika Trades Training	Agree / Disagree
Annex 10	Performance-Based Research Fund	Agree / Disagree
Annex 11	Strategic Component of the Unified Funding System for Vocational Education and Training	Agree / Disagree
Annex 12	Te Tahua o Te Reo Kairangi	Agree / Disagree
Annex 13	Youth Guarantee	Agree / Disagree

- e. **note** that setting the Annual Maximum Fee Movement (AMFM) rate for 2024 at higher than the proposed 2.8% would require Cabinet approval for additional funding

Noted

- f. **agree** to the following changes to fee regulation settings for 2024:

- i. set the AMFM at 2.8%;
- ii. increase the fee cap for micro-credentials to \$64 per credit;
- iii. allow tertiary education organisations to reduce fees with the option of returning to the rate the AMFM would otherwise have allowed in future years;
- iv. change criteria for exemptions to the AMFM to include financially unsustainable courses with fees that are at no more than the 75th percentile of fees charged for similar courses, and which meet completion or strategical alignment requirements
- v. strengthen expectations and reporting of how learners are consulted on the use of student services fees
- vi. continue to allow Te Pūkenga to apply the fee-setting limits for new courses when rolling out a unified programme across its network

Agree / Disagree

- g. **agree** to issue an updated delegation to fund Fees Free tertiary education and training (Annex 14), with minor changes including amending the eligibility requirements relating to the Christchurch Response Visa to align with recent Cabinet decisions [SWC-23-MIN-0066 refers]

Agree / Disagree

- h. **agree** to issue a new delegation to fund the Tūwhitia – Accelerating Learner Success Fund (Annex 15), to take effect from the day the delegation is signed

Agree / Disagree

- i. **sign** the attached 14 letters to the Chair of the Tertiary Education Commission (Annexes 2-15)

- j. **agree** that the Ministry of Education release this paper once it has been considered by you, subject to any redactions under the Official Information Act 1982.

Agree / Disagree



James Campbell
Senior Policy Manager
Te Pou Kaupapahere

17/08/2023



Hon Jan Tinetti
Minister of Education

20/08/2023

Background

1. The Minister of Education provides direction 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). The TEC then implements these through funding conditions and other operational decisions. Funding determinations include information about fee regulation settings, including the Annual Maximum Fee Movement (AMFM) and the regulation of student services fees.
2. Legislation requires that all organisations that would be affected by any proposed variations to existing funding determinations are consulted, and that any variations to come into effect on 1 January 2024 are confirmed at least three months before that date. This year we have prepared funding determinations to be approved in August, well ahead of the 2023 general election.
3. On 7 June 2023 we provided you with drafts of 12 funding determinations with proposed variations for 2024, the majority of those variations being minor and technical [METIS 1309258 refers]. You agreed to consult the sector on the proposed variations, as required by section 423(3) of the Act.
4. On 8 June 2023 we provided you with a paper outlining proposed changes to fee regulation settings [METIS 1310304 refers]. You agreed to consult the sector on these changes via a notice in the New Zealand Gazette, as required by section 420(1)(b) of the Act. Fee regulation sections were removed from the draft funding determinations to reflect the separate consultation requirements.
5. Consultation on both these aspects of the funding determinations was open from 19 June until 17 July 2023. All submissions have now been collated and analysed.

Feedback from consultation – funding determinations

6. We received 24 submissions relating to the proposed variations to funding determinations for 2024. These represent input from up to 54 organisations when taking into account peak bodies and representative groups who provided submissions. The content of submissions is summarised in a table in **Annex 1**.
7. Numerous submissions raised new issues or suggested policy changes that are not related to the changes proposed for 2024. These require further consideration before we provide advice on them. Some of the submissions can be answered with clarification of existing policy settings rather than a change. Feedback from these submissions has been passed on to relevant teams within the Ministry of Education (the Ministry) and the TEC for consideration.
8. This feedback included seven submissions from aviation training organisations, outlining challenges experienced by this particular high-cost and low-volume sector and the broader industry, following COVID-19, global workforce issues and economic pressures. They focused on the \$35,000 limit on student loan fee borrowing per year (per learner), which has not been updated since 2013.¹ Submissions argued that this means learners require a large amount of their own money upfront to access aviation training, which limits who can participate and the diversity of applicants. During the

¹ Borrowing above this level creates excessive debt that learners may not be able to repay, and a large cost to government as a result. The funding determinations also set a cap of no more than 450 EFTS funded per year for provider-based aviation programmes that includes an in-flight training component, because of the high costs of this provision.

consultation period officials met with the relevant Workforce Development Council (Ringa Hora) and discussed issues in this sector, including pathways and outcomes for learners. We are not recommending any changes for 2024.

9. There was only a small amount of feedback on the changes proposed in the draft determinations:
 - a. **replacing ‘special education’ with ‘inclusive education’**: two submissions expressed support for this shift, and no submissions raised objections;
 - b. **renaming ‘English for Speakers of Other Languages’ (ESOL) to ‘English Language Teaching’**: one submission expressed support for the change, and no submissions raised objections;
 - c. **performance expectations for learner component funding**: minimal feedback was received on this new content, with one submission noting it was a helpful clarification and one requesting that the determination explicitly state that learner component funding is not recoverable by the TEC (which is the intended policy setting);
 - d. **reverting to EFTS rather than EFTL**: two submissions supported the use of Equivalent Full-Time Student (EFTS) rather than Equivalent Full-Time Learner (EFTL) as the unit of measure of vocational education and training. One submission (from Te Pūkenga) raised concerns about inconsistent terminology. However, these concerns relate to reporting systems rather than the use of EFTS as a measure, and the implementation of a single database solution currently being developed by the TEC for 2025 should address the inconsistency.

Funding of delivery to learners residing in Correctional facilities

10. During the consultation process we engaged with the Department of Corrections on the proposed classification of delivery to learners residing in Correctional facilities. To support the continued viability of this delivery, we recommend an amendment to the funding determination for Delivery at Levels 3-7 (non-degree) of the NZQCF (**Annex 4**), to classify this delivery as ‘provider-based’ learning for funding purposes, rather than as ‘provider-based: extramural’ (which is funded at a lower rate).
11. Delivery to learners in a Correctional facility presents a number of challenges, and agencies consider there is a high risk of providers discontinuing this delivery if it continues to be funded at the lower rate. We consider that this is not the type of extramural delivery that was envisaged when Ministerial decisions for the ‘provider-based: extramural’ mode were made, and note that the unique nature of this provision means there are significant constraints on providers’ ability to adapt it to be viable at the lower funding rate.
12. Overall, we consider this variation to be consistent with the broad policy intent of previous decisions about the extramural mode. We will provide you with further advice on the approach to this mode of delivery shortly, following sector consultation on shifting from the current extramural mode to the intended ‘online’ or asynchronous mode of delivery from 2025 [METIS 1314523 refers].

Finalised funding determinations for 2024

13. Apart from the above change in relation to delivery in Correctional facilities, the final versions of the funding determinations for 2024 (**Annexes 2-13**) are the same as the

versions that you approved for consultation, with minor wording changes and clarifications in response to feedback.

Feedback from consultation – fee regulation settings

14. We received 16 submissions relating to the fee regulation settings for 2024 proposed in the New Zealand Gazette. These represent input from up to 35 organisations when taking into account peak bodies and representative groups who provided submissions.

Annual Maximum Fee Movement

15. The AMFM rate sets the maximum percentage increase permitted providers' fees. The proposed rate for 2024 was 2.8%, in line with forecast inflation for 2024 in this year's Budget and Economic Fiscal Update (BEFU) data [METIS 1310304 refers]. As anticipated, the sector's view was that this rate is too low given current inflation pressures and low AMFM rates in previous years. Of the 16 submissions, 11 objected to the rate on these grounds. Three submissions (from universities) suggested 3.3% as an alternative, which is the forecast rate of inflation for the 2024 fiscal (rather than calendar) year.
16. As noted in the previous paper on this subject, setting the AMFM for 2024 any higher than 2.8% would entail a cost that would require Cabinet approval for additional funding. Seeking this approval would delay the process for finalising both fee regulation settings and funding determinations for 2024, with flow-on effects and uncertainty for both the TEC and the sector. A greater increase in fees would also have an effect on the affordability of tertiary education for learners, which was highlighted as an issue in submissions from student organisations. As such, we acknowledge sector objections but recommend proceeding with the proposed rate.

Increasing the micro-credential fee cap

17. Minimal feedback was received in relation to the proposal to increase the micro-credential fee cap to \$64 per credit. One student association raised concerns that increasing fees could discourage learners from enrolling in micro-credentials. The cap has not been changed, or adjusted for inflation, since it was introduced in 2021. We recommend proceeding with this change.

Improving how the AMFM is regulated

18. Other proposed changes for 2024 are intended to improve the operation of the fee regulation system in the short term. In previous advice [METIS 1303350 refers] we noted that more substantive change to the fee regulation system is likely to be needed in the long term. The current proposals do not address the more fundamental issues that have arisen under the AMFM over time, but will ease pressure in certain circumstances. Consultation was carried out on:
- a. giving providers flexibility to set lower fees temporarily, without being "trapped" at the reduced rate by the AMFM; and
 - b. relaxing the criteria required to gain an exemption allowing fees to increase at up to double the AMFM, to include financially unsustainable courses with fees that are at no more than the 75th percentile of fees charged for similar courses, and which meet completion or strategic alignment requirements.
19. The first proposal received some supportive submissions. This change would allow TEOs the option of setting 'discounted' fees for a given year, with the ability to later

revert to what they would otherwise be entitled to charge under the AMFM. One student association submission opposed this option on the grounds of uncertainty for learners. While a subsequent return to higher fees could take learners by surprise, temporarily lowered fees could also provide opportunities for learners. We consider there is value in allowing providers this option for flexibility.

20. A common theme in response to the second proposal was that it does not go far enough. Providers noted that exemptions only allow fees to be raised by double the current AMFM, which is unlikely to make a difference for programmes of borderline viability. The proposal also limits the number of courses for which a TEO can request an exemption annually, retaining the intent of exemptions being for exceptional circumstances. Respondents told us that this would not be enough to address historic fee differences, and that problems exist at a programme or subject-area level, not at the level of individual courses. They would want to adjust fees for all courses across a programme to rectify those problems.
21. Some feedback also related to the proposal that exemptions would be limited to courses with fees already below the 75th percentile for similar courses. While this requirement would align with the maximum fee for new courses, some providers raised concerns that TEOs do not have visibility of where their courses sit in relation to the 75th percentile (as this is established by an internal TEC process). We have previously heard concerns from providers about the transparency of 75th percentile calculations.
22. Publishing where courses sit in relation to the 75th percentile, or a list of courses that are under that level and eligible for exemptions, is not feasible with current systems. While a tool could be developed for providers, this would take time and come with development costs. If this option is considered in future, it should be considered alongside more long-term options for fee regulation. In the short term, the TEC has confirmed it is able to respond to case-by-case queries from providers on this matter and will outline the options for this in guidance for the AMFM exemptions process.
23. While we acknowledge the validity of this feedback, the intent of these changes is to improve flexibility and options within the AMFM rather than to resolve the underlying issues that would require more substantial changes to the fee regulation system. For now we consider there is value in opening up opportunities for even a small subset of strategically important provision to bring in additional revenue through an exemption. While you have agreed not to progress further work on broader changes to fee regulation at this time [METIS 1306659 refers], it could be considered as part of the upcoming review of higher education funding and financing.

Changing requirements for student services fee decision-making

24. We proposed changes to improve the transparency and clarity of the decision-making process around how student services fees are used [METIS 1310304 refers]. These changes are intended to support and strengthen existing requirements, while balancing accountability to learners with the administrative burden on providers.
25. The proposed changes were:
 - a. making providers' legal obligations when consulting with learners explicit in fee regulations;
 - b. requiring providers to publish information about how learner feedback influenced decision-making;
 - c. requiring providers to publish information (already reported to the TEC) about the expenditure from student services fees on each category of student service; and

- d. adding a new category of expenditure for student services fees to support consultation with learners.
26. The majority of feedback mirrored what we heard in earlier targeted engagements [METIS 1310304 refers]. Learners overall would prefer that joint decision-making be required. They report that they do not feel listened to by providers and struggle to get clear information from them. Providers raised concerns that other obligations, including commitments to the staff hired to provide services and to the Education (Pastoral Care of Tertiary and International Learners) Code of Practice, prevent them from adding or removing services year to year in response to changing student feedback. As a result, some resources are pre-committed in practice.
27. We received both provider and learner submissions that objected to the new category of expenditure for consultation costs, with respondents saying that these costs should not be met out of student services fees. On this basis we recommend not adding this proposed new category of expenditure.
28. We consider that the other proposed changes are minor enough to not introduce significant new burdens for providers, and that clarifying provider obligations is worthwhile in light of the views expressed to the Ministry by learner groups. We will work with the TEC to ensure that clear guidance is provided to providers on the scope of these amended obligations.

Te Pūkenga fee harmonisation

29. Only one submission related to Te Pūkenga's fee harmonisation process, submitted by an individual respondent who objected to the same programme of study having different tuition fees across Te Pūkenga's provision. The unification of programmes, and the regulation of Te Pūkenga's final fees according to the rules for newly introduced courses (rather than the AMFM), is addressing these differences over time. We recommend continuing this arrangement for 2024, as proposed, while Te Pūkenga continues the work of unifying its programmes.

Funding delegation for Fees Free

30. The First Year Fees Free policy is funded through a funding delegation rather than a determination. This authorises the TEC, under section 409(j) of the Act, to administer the funding of the initiative according to your instructions. Delegations are not subject to the same requirements and limitations as funding determinations, and do not have a legislative requirement for consultation. Fees Free has been managed through a delegation since its implementation in 2018.
31. We are proposing minor changes to this delegation, which would be re-issued alongside the funding determinations and take effect on 1 January 2024:
- a. removing references to the Targeted Training and Apprenticeship Fund, which has now ended;
 - b. implementing Cabinet's decision to clarify the eligibility of people who hold (or would have been eligible for) a Christchurch Response Visa, and their families [SWC-23-MIN-0066 refers];
 - c. simplifying the provisions allowing the TEC to use its discretion to write off a learner's consumption of their Fees Free entitlement due to impacts of COVID-19 on their learning, to align with the general provisions for exceptional personal circumstances.

Funding delegation for Tūwhitia – Accelerating Learner Success

32. Cabinet recently approved the establishment of the Tūwhitia – Accelerating Learner Success Fund [SWC-23-MIN-0078 refers]. The Cabinet paper noted that this would be implemented through a funding delegation to be issued in the second half of 2023.
33. We have prepared a new funding delegation for this purpose (Annex 15), in collaboration with the TEC and based closely on the commitments of the Cabinet paper, including reporting requirements for the TEC and providers. We understand that your office has discussed arrangements for announcing the new fund with the TEC, after which the TEC intends to undertake targeted engagement with the sector before finalising its operational design.
34. We recommend that you sign the annexed funding delegation in order to progress this work towards co-investing with TEOs to accelerate learner success initiatives.

Risks

35. There are minimal risks in approving the proposed variations to funding determinations for 2024. Consultation has not raised significant objections to the proposed changes. While some suggestions and concerns raised in submissions have not been addressed in these determinations, your approval would continue the status quo on these matters. Feedback from consultation has been passed on to the relevant policy teams for consideration going forward.
36. There is a risk that the proposed fee regulation settings will not be well received by the sector, given feedback that it will not address problems with fee differences or the sustainability of courses. However, the changes proposed are relatively small deviations from the status quo. This risk can be mitigated by communicating to the sector that more lasting change requires more work, and for 2024 we are making small changes to open up opportunities within the current settings. Engagement around the review of higher education funding provides opportunities for this dialogue.
37. There is an operational risk that widening the criteria for an exemption from the AMFM will come with increased workload for the TEC in processing applications. This risk is significantly mitigated by the limit on the number of courses for which a provider can apply for an exemption each year (based on the number of learners enrolled with the provider). The Ministry and the TEC have discussed the likelihood of increased customer queries, particularly in regard to the 75th percentile rule, and the TEC has agreed this is acceptable.

Next steps

38. In order for the updated funding determinations to come into effect on 1 January 2024, the Act requires that you approve any variations at least three months before that date (i.e. by 30 September, under section 423(8) of the Act). This year we are aiming to finalise funding determinations earlier so that they are confirmed well ahead of the general election.
39. If you approve the funding determinations for 2024 and sign the letters annexed to this report, the TEC will publish the final versions on its website and engage with providers as needed. Fee regulation settings will be included in the relevant funding determinations.

40. The TEC will develop funding conditions for 2024 based on the approved funding determinations and will operationalise changes to the AMFM exemptions process.
41. If you approve the proposed changes to the funding delegation for Fees Free, the updated delegation will be sent to the TEC and will also come into effect from 1 January 2024.
42. If you approve the funding delegation for the Tūwhitia – Accelerating Learner Success Fund, it will come into effect from the date of signing (to be confirmed on the document). Your office is determining arrangements to announce the fund, and the TEC will undertake targeted engagement with the sector as part of finalising its operational design before beginning investment.

Proactive Release

43. It is recommended that this Education Report is proactively released, with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

Annexes

The following are annexed to this paper:

- Annex 1:** Summary of Submissions on Proposed Variations to Funding Determinations for 2024
- Annex 2:** Determination of Design of Funding Mechanism: Adult and Community Education
- Annex 3:** Determination of Design of Funding Mechanism: Delivery at Levels 1 and 2 on the New Zealand Qualifications and Credentials Framework
- Annex 4:** Determination of Design of Funding Mechanism: Delivery at Levels 3-7 (non-degree) on the New Zealand Qualification and Credentials Framework and all industry training
- Annex 5:** Determination of Design of Funding Mechanism: Delivery at Level 7 (degree) and above on the New Zealand Qualifications and Credentials Framework
- Annex 6:** Determination of Design of Funding Mechanism: English Language Teaching
- Annex 7:** Determination of Design of Funding Mechanism: Equity Funding
- Annex 8:** Determination of Design of Funding Mechanism: Literacy and Numeracy Provision
- Annex 9:** Determination of Design of Funding Mechanism: Māori and Pasifika Trades Training
- Annex 10:** Determination of Design of Funding Mechanism: Performance-Based Research Fund
- Annex 11:** Determination of Design of Funding Mechanism: Strategic Component of the Unified Funding System for Vocational Education and Training
- Annex 12:** Determination of Design of Funding Mechanism: Te Tahua O Te Reo Kairangi
- Annex 13:** Determination of Design of Funding Mechanism: Youth Guarantee
- Annex 14:** Updated Delegation to Fund Fees Free Tertiary Education and Training
- Annex 15:** Delegation to Implement the Tūwhitia – Accelerating Learner Success Fund

Annex One: Summary of Submissions on Proposed Variations to Funding Determinations for 2024

Funding determination	Consultation feedback
Adult and Community Education	<ul style="list-style-type: none"> • Support for proposed changes
	<ul style="list-style-type: none"> • <i>Suggestions for policy changes:</i> <ul style="list-style-type: none"> ○ Simplify the process to apply for funding to make it accessible for small organisations ○ Add a new category for eligible programmes focused on social justice, democracy and civic engagement ○ Remove the requirement for TEC and school principal approval to enrol a full-time secondary school student, and replace this with guidance
Delivery at Levels 1 and 2 on the NZQCF	<ul style="list-style-type: none"> • Support for replacing 'special education' with 'inclusive education'
	<ul style="list-style-type: none"> • <i>Suggestions for policy changes:</i> <ul style="list-style-type: none"> ○ Minimum value of 20 credits for funded micro-credentials should be removed or lowered ○ Clarify what 'at time of enrolment' means for eligibility requirements ○ Withdrawals should not need to be reported to the Ministry of Social Development if the learner is not accessing student loans or allowances ○ Add a health and wellbeing quotient to funding ○ Remove the limit of fewer than 10% of funded learners having achieved a qualification at Level 2 or higher
Delivery at Levels 3-7 (non-degree) on the NZQCF and all industry training	<ul style="list-style-type: none"> • Support for use of EFTS instead of EFTL as unit of measure • Support for clarifications • Concern about using EFTS rather than EFTL and inconsistent terminology (pending a unifying database solution from TEC) • Concern that the determination does not state that learner component funding is non-recoverable • Requests for TEC guidance on how to best engage with Māori and iwi without this requirement becoming a burden for these groups • Request for wording to better recognise the role of pre-degree courses in learner success (not only employment outcomes)

	<ul style="list-style-type: none"> • <i>Suggestions for policy changes:</i> <ul style="list-style-type: none"> ○ Change threshold for recovering funding based on under- or over-delivery ○ Remove recovery of funding if a provider deviates from approved provision ○ Remove requirement for benchmarking ○ Concern about embedded literacy and numeracy being required for Level 3 provision (an existing requirement) ○ Change the provider-based mode of delivery to include non-campus synchronous learning arrangements ○ Multiple submissions from the aviation training sector with requests including: <ul style="list-style-type: none"> ▪ Better recognise the needs of high-cost, low-volume provision ▪ Support for more advanced training ▪ Increase the limit on student loan borrowing, to decrease the amount required upfront from learners for aviation training
Delivery at Level 7 (degree) and above on the NZQCF	<ul style="list-style-type: none"> • Support for funding increases
	<ul style="list-style-type: none"> • <i>Suggestions for policy changes:</i> <ul style="list-style-type: none"> ○ Change threshold for recovering funding based on under- or over-delivery ○ Remove recovery of funding if a provider deviates from approved provision ○ Remove requirement for benchmarking
English Language Teaching	<ul style="list-style-type: none"> • Support for changing from 'English for Speakers of Other Languages' (ESOL) to English Language Teaching
Equity Funding	<ul style="list-style-type: none"> • No feedback received
Literacy and Numeracy Provision	<ul style="list-style-type: none"> • Support for modified fund purpose, inclusion of REAP Aotearoa, changes to the Intensive Literacy and Numeracy fund, and requiring assessment on the Literacy and Numeracy Assessment for Adults Tool (LNAAT) to determine learner eligibility • Concern about the requirement to assess learners on the LNAAT, with requests for flexibility to reflect: <ul style="list-style-type: none"> ○ Learners for whom English is not their first language, and/or without formal education in their own language ○ Learners needing support in oral or digital literacy • Query on why REAP Aotearoa and employers are not required to be quality assured (as other providers are by the New Zealand Qualifications Authority)
	<ul style="list-style-type: none"> • <i>Suggestions for policy changes:</i> <ul style="list-style-type: none"> ○ Trial Workplace Numeracy and Literacy (WLN) consortia with a minimum of 10 employees (rather than 20) for rural employers ○ Review the difference between employer-led and TEO-led WLN rates ○ Allow full funding for TEO-led WLN for learners who have completed at least 75% of committed programme hours

Māori and Pasifika Trades Training	<ul style="list-style-type: none"> • Concern about diluting the importance of employment outcomes for the fund by changing from 'sustainable' to 'relevant' employment as an outcome • Request for more funding to meet regional needs
Performance-Based Research Fund	<ul style="list-style-type: none"> • One minor drafting suggestion (to retain 'and' in paragraph 17 to avoid potential misinterpretation of what criteria are required for eligibility)
Strategic component of the UFS	<ul style="list-style-type: none"> • Support for proposed changes • <i>Suggestions for policy changes:</i> <ul style="list-style-type: none"> ○ Increase allocations with qualification level, except where specific fields are of stronger priority year to year ○ Streamline reporting requirements so that providers receiving funding for both Levels 3-7 and Level 7 and above do not need to meet multiple sets of overlapping obligations
Te Tahua o Te Reo Kairangi	<ul style="list-style-type: none"> • Support for the fund and the addition to the fund purpose
Youth Guarantee	<ul style="list-style-type: none"> • Support for the requirement of pathway plans • Query of why flexible funding is limited to providers receiving a minimum amount of funding • Request for clarification on whether a pathway plan is required to be a new document for that purpose • <i>Suggestions for policy changes:</i> <ul style="list-style-type: none"> ○ Change the restriction for learners with a qualification at Level 3 or above to require 120 credits at Level 3 or above ○ Remove the restriction of no more than 30% of funding allocated for Level 3 ○ Remove the limit of fewer than 10% of funded learners having achieved a qualification at Level 1 or 2

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: Adult and Community Education

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for Adult and Community Education (ACE).

The determination is set out in the appendix to this letter. The determination covers the funding of provision delivered from 1 January 2024. The new determination includes a 5.0 percent increase to all funding rates specified in the determination.

Under section 422 of the Act, it is the Tertiary Education Commission's (TEC) responsibility to develop the details needed to implement my determinations of the design of funding mechanisms.

Yours sincerely,

Hon Jan Tinetti
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: ADULT AND COMMUNITY EDUCATION

PRELIMINARY PROVISIONS

Statutory authority

1. This funding mechanism for adult and community education is made under section 419 of the Education and Training Act 2020 (the Act).

Purpose

2. This funding mechanism covers the Adult and Community Education (ACE) Fund.
3. The purpose of the ACE Fund is to purchase provision that provides adults with community-based education, foundation skills, and pathways into other learning opportunities that meet community learning needs.

On-Plan funding

4. The Tertiary Education Commission (TEC) must pay funding for ACE in accordance with section 425 of the Act.

PART ONE: THE FUNDING MECHANISM

General Parameters

Effective period

5. This funding mechanism applies to the funding of eligible ACE programmes delivered from 1 January 2024.
6. The TEC may exercise any of its administrative functions before this date as required to give effect to this funding mechanism.

Available funding

7. The amount of Government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

SPECIFIC PARAMETERS

TEO eligibility

8. The TEC may only fund a tertiary education organisation (TEO) under this funding mechanism for ACE provision if the TEO is one of the following:
 - a. Te Pūkenga—New Zealand Institute of Skills and Technology (Te Pūkenga);
 - b. a wānanga;
 - c. a private training establishment (PTE) that specialises in foundation learning;

- d. a rural education activities programme (REAP) provider;
- e. a community organisation; or
- f. a State or State-integrated school.

TEO quality assurance

9. To be eligible for ACE funding under this funding mechanism, a TEO (other than a community organisation) must be quality assured as follows:
 - a. if the TEO is a wānanga, Te Pūkenga, or a registered PTE (including REAP providers that are registered providers¹), the TEO is quality assured by NZQA; or
 - b. if the TEO is a State or State-integrated school, the TEO is quality assured by the Education Review Office.

Te Pūkenga and wānanga - funding formula and rate

10. The TEC must measure ACE enrolments at Te Pūkenga and wānanga in units of equivalent full-time students (EFTS). One (1.0) EFTS unit is defined as the learner workload that would normally be carried out by a learner enrolled full-time in a single academic or calendar year.
11. The TEC must allocate funding for ACE provision delivered by Te Pūkenga and wānanga at a fixed rate of \$5,018.00 per EFTS (GST exclusive).

Te Pūkenga and wānanga - funding priorities

12. When allocating ACE funding to Te Pūkenga and wānanga, the TEC must prioritise funding for ACE provision that primarily focuses on:
 - a. the learning of foundation skills;
 - b. the re-engagement of learners whose previous learning was not successful; and
 - c. the progression of learners into formal tertiary education.

PTEs, REAP providers, and community organisations - funding formula and rates

13. The TEC must determine the appropriate total amount of funding for ACE provision delivered by a PTE, REAP provider or community organisation.

State schools and State-integrated schools - funding formula and rates

14. The TEC must allocate funding for ACE provision to State schools and State-integrated schools at a fixed hourly rate (\$10.79 per hour) for a minimum number of hours of ACE provision per learner per year for each school.
15. The TEC may allocate up to \$500,000 of ACE funding each year to provide targeted support for ACE co-ordination by schools.

¹ Some REAPs are community organisations.

State schools and State-integrated schools - priority learners

16. When allocating funding for ACE provision to State schools and State-integrated schools, the TEC must ensure that each school will prioritise learners with the highest needs and those who have been traditionally under-served, such as Māori, Pacific peoples, and disabled learners.

Eligible programmes

17. The TEC must require each TEO to ensure that it only receives ACE funding for an eligible learner enrolled in a programme that is designed to do one or more of the following:
- a. improve employability, such as courses focused on employability or life skills such as financial literacy, and introductory 'taster' courses;
 - b. promote social and cultural inclusion and participation, including but not limited to courses in languages including te reo Māori, New Zealand Sign Language, English Language Teaching, Pacific languages (especially Realm languages) and Asian languages, and courses supporting digital inclusion;
 - c. raise foundation skills through courses in literacy, numeracy and/or digital literacy;
 - d. improve health and wellbeing, such as courses in parenting, mental health and resilience, or conflict resolution/anger management.
18. When allocating funding to a TEO under this funding mechanism, the TEC must take into account:
- a. access to ACE throughout New Zealand;
 - b. connections between ACE provision and the rest of the education system; and
 - c. each TEO's overall portfolio of ACE provision.

Learner eligibility

19. The TEC must require each TEO to ensure that it only receives ACE funding for a learner enrolled in an ACE programme who is:
- a. a domestic student as defined in section 10(1) of the Act;
 - b. 16 years of age or over; and
 - c. not a full-time secondary school student.
20. The TEC may allocate funding for ACE provision for a learner who is a domestic student but does not meet the criteria specified in paragraph 19(b) or (c) only if that learner is:
- a. under the age of 16 years and they participate with adults in family-based provision; or
 - b. a full-time secondary school student:
 - i. who is 16 years of age and over;

- ii. who receives ACE provision outside of normal school hours;
 - iii. who has obtained approval from the relevant school principal, or person of equivalent authority; and
 - iv. for whom the TEO has obtained approval from the TEC.
21. When allocating funding for ACE provision to a TEO, the TEC must ensure that the TEO will:
- a. target ACE provision in foundation skills to learners who have low or no formal qualifications (if the TEO receives funding under this funding mechanism for ACE provision in foundation skills); and
 - b. target ACE provision in English Language Teaching to learners who identify as having English language needs (if the TEO receives funding under this funding mechanism for ACE provision in English Language Teaching).

PART TWO: FUNDING CONDITIONS

Conditions that the TEC must attach to funding

22. The TEC must attach the following specific conditions to funding paid under this funding mechanism:

TEOs

23. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, for the length of the funding period, continue to meet the criteria specified in paragraphs 8 and 9 of this funding mechanism.
24. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
- a. not subcontract any of the funded activities without the prior written consent of the TEC and without the prior written approval by NZQA where the TEO is quality assured by NZQA;
 - b. comply with any conditions imposed by the TEC on an approval to subcontract;
 - c. ensure that a subcontracted party does not further subcontract any functions; and
 - d. remain accountable for the use of the funding.

Programmes

25. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a programme in which an eligible learner is enrolled continues to meet the criteria specified in paragraph 17 of this funding mechanism.

Learners

26. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each learner who is enrolled in a programme funded under this funding mechanism meets and continues to meet the criteria specified in paragraphs 19 or 20 of this funding mechanism.

TEO responsibilities

27. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, where appropriate, work with local Regional Skills Leadership Groups, local iwi, local organisations, peak bodies, local industry, local employers, and communities, including other TEOs involved in ACE, to identify and meet community learning needs, in relation to each TEO's overall portfolio of ACE provision.
28. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must provide the TEC with access to its premises, employees, and information for the purposes of:
 - a. inspecting the records that the TEO must keep; and
 - b. auditing the TEO's compliance with funding conditions and requirements in the Act.
29. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
 - a. must design and provide ACE programmes that align with the priorities specified in paragraph 17 and:
 - i. if the TEO is Te Pūkenga or wānanga, also align with the priorities specified in paragraph 12(a-c); or
 - ii. if the TEO is a State school or State-integrated school, also align with the priorities specified in paragraph 16;
 - b. must not use ACE funding to provide programmes to a group or class of secondary school students, even if the programme is provided outside school hours; and
 - c. must not use ACE funding to provide professional development courses for ACE teachers and tutors.

National Student Numbers

30. Subject to paragraph 31, the TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism may, if possible, collect each enrolled learner's National Student Numbers (NSNs) and report those NSNs to the TEC for statistical and research purposes.
31. The TEC must not attach the conditions specified in paragraph 30 to community organisations, PTEs and REAP providers that receive no other funding from the TEC other than funding provided under this funding mechanism.

Fees

32. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
- a. must pay for the necessary equipment, infrastructure and hardware required to deliver a particular programme²; and
 - b. in relation to the provision of essential equipment, including computers, must not require the costs to be met through the “course-related costs” component of the Student Loan Scheme as a condition of enrolment for students.
33. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
- a. ensure that the level of fees it sets for ACE programmes is not expected to prevent individuals from enrolling in those programmes; and
 - b. charge the same fee to all learners participating in an ACE programme funded under this funding mechanism.

No other funding

34. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
- a. must not (without the TEC’s prior written consent) seek or obtain funding from any Crown source other than the TEC to fund provision which is funded under this funding mechanism; and
 - b. must notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of subparagraph (a) of this condition.

Responsible use of funding

35. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism, must use the funding:
- a. lawfully, responsibly, and for the purposes for which it is provided; and
 - b. in a manner consistent with the appropriate use of public funds.

Recovery of funding

36. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
- a. is repayable on demand; and

² The phrase “equipment, infrastructure and hardware” refers to those items that can be used by successive intakes of students. It does not include personal items which are provided for individual student use and which the TEO does not retain for the next intake of students.

- b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
- 37. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

Repayment of funding following revocation of funding approval

- 38. The TEC must attach to funding a condition that if, in accordance with clause 16 of Schedule 18 of the Act, the TEC suspends, revokes or withdraws some or all of a TEO's funding paid under this funding mechanism before that funding has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown that:
 - a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: Delivery at Levels 1 and 2 on the New Zealand Qualifications and Credentials Framework

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for delivery at Levels 1 and 2 on the New Zealand Qualifications and Credentials Framework (NZQCF).

The new determination is set out in the appendix to this letter. The determination covers the funding of provision on the NZQCF at Levels 1 and 2 delivered from 1 January 2024. The new determination includes a 5.0 percent increase to all funding rates specified in the determination.

Under section 422 of the Act, it is the Tertiary Education Commission's (TEC) responsibility to develop the details needed to implement my determinations of the design of funding mechanisms.

Yours sincerely

Hon Jan Tinetti
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: DELIVERY AT LEVELS 1 AND 2 ON THE NEW ZEALAND QUALIFICATIONS AND CREDENTIALS FRAMEWORK

PRELIMINARY PROVISIONS

Statutory authority

1. This funding determination is made under section 419 of the Education and Training Act 2020 (the Act), and specifies the design of the funding mechanism for:
 - a. Delivery at qualification Levels 1 and 2 on the New Zealand Qualifications and Credentials Framework (NZQCF) (DQ1-2); and
 - b. special supplementary grant (SSG) funding for inclusive education.¹

Purpose

2. This funding contributes to the provision of teaching and learning services for enrolled learners at tertiary education organisations (TEOs).
3. The objectives of foundation-level tertiary education (Levels 1 and 2 on the NZQCF) are to:
 - a. provide people who do not already have essential foundation skills with access to a low-cost way to gain those skills;
 - b. provide progression to higher level study and skilled employment;
 - c. build the literacy and numeracy skills of eligible learners;
 - d. enable learners to learn English or te reo Māori; and
 - e. encourage TEOs that are best able to meet the needs of foundation education learners.
4. SSG funding is to fund additional tutor support for inclusive education in TEOs.
5. In this funding mechanism, all references to funding exclude SSG funding, unless specified otherwise.

On-plan funding

6. The Tertiary Education Commission (TEC) must pay funding allocated under this funding mechanism in accordance with section 425 of the Act.

¹ For the purposes of this determination, 'inclusive education' has the same meaning as 'special education' in section 10(1) of the Education and Training Act 2020 (i.e. education for children who require educational services beyond that normally obtained in an ordinary class in a State school).

PART ONE: THE FUNDING MECHANISM

General parameters

Effective period

7. This funding mechanism applies to the funding of eligible programmes and micro-credentials that are delivered from 1 January 2024 to 31 December 2024.
8. The TEC may exercise any of its administrative functions outside those dates as required to give effect to this funding mechanism.

Available funding

9. The amount of Government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

TEC administrative responsibilities in the case of under-funding

10. If a TEO receives funding under this funding mechanism that is less than it should have been, or than it was entitled to receive, the TEC must pay the amount of the under-funding as soon as reasonably practicable.

Specific parameters

Funding formula and rates

11. The TEC must calculate funding paid under this funding mechanism based on a metric comprising:
 - a. the number of valid domestic student enrolments, measured in equivalent full-time students (EFTS); and
 - b. the programmes, and their component courses or micro-credentials, in which eligible learners are enrolled, and the assigned course classifications, funding categories, and funding rates of those qualifications and component courses or micro-credentials.

Valid domestic enrolments

12. For the purpose of calculating funding paid under this funding mechanism, the term "valid domestic enrolment" refers to the enrolment of a learner who is:
 - a. a domestic student as defined in section 10(1) of the Act; and
 - b. either
 - i. aged 16 years and over; or
 - ii. aged under 16 years and meets the criteria determined by the TEC; and
 - c. studying in New Zealand, unless the learner meets criteria established by the TEC.

13. The TEC must establish criteria for determining under which circumstances a learner can be considered to be a valid domestic enrolment, where they are aged under 16 years.
14. The TEC must establish the requirements that TEOs must comply with to verify each learner's identity and to confirm that a learner is a valid domestic enrolment.

Inducements

15. Even if a learner meets the criteria specified in paragraph 12, the enrolment is not a valid domestic enrolment for the purposes of this funding mechanism if it has been secured by way of an inducement.
16. An inducement may include a financial incentive or on-going personal possession of physical items where they induce a learner to enrol.
17. The TEC must establish criteria for determining what constitutes an inducement.

The metric

Measurement of enrolments

18. The TEC must measure valid domestic enrolments in units of EFTS. One (1.0) EFTS unit is defined as 120 credits of full-time study over a single academic or calendar year.
19. The EFTS value of a programme represents the TEC's assessment of the normal minimum time for a successful full-time learner to complete the qualification. In addition, the credit value assigned to the qualification by either the New Zealand Qualifications Authority (NZQA) or the New Zealand Vice-Chancellors Committee (Universities NZ) must be a part of the EFTS metric.
20. The TEC must consider qualifications that the TEO has disaggregated into component courses. The TEC must assign each course an EFTS factor that represents the proportion of the whole qualification that the course constitutes.

Funding rates

21. The TEC must apply the funding categories and per-EFTS funding rates for TEOs to deliver provision to the learner, as set out in Appendix 1, Table 1.

TEO eligibility

22. The TEC may only fund a TEO under this funding mechanism if the TEO is one of the following:
 - a. Te Pūkenga—New Zealand Institute of Skills and Technology (Te Pūkenga);
 - b. a wānanga;
 - c. a university; or
 - d. a private training establishment (PTE).

TEO quality assurance

23. To be eligible for funding under this funding mechanism, a TEO must be quality assured as follows:
- a. if the TEO is a wānanga, Te Pūkenga, or a registered PTE, the TEO must be quality assured by NZQA; or
 - b. if the TEO is a university, the TEO is quality assured by Universities NZ.

Eligibility of learners

24. The TEC must ensure that the funding that is allocated to a TEO under this funding mechanism for programmes and micro-credentials is only used for valid domestic enrolments, as defined by paragraph 12 or as determined by the TEC under paragraph 13.
25. The TEC must take into account a TEO's enrolment practices for learners with prior qualifications or micro-credentials, as set out in paragraph 27.

Learners with prior qualifications

26. The TEC must establish processes to prevent a TEO from receiving funding under this funding mechanism in relation to a learner enrolled in a programme or micro-credential if:
- a. that learner has already achieved a qualification at Level 2 or higher on the NZQCF; and
 - b. 10% of the learners for which the TEO receives funding paid under this funding mechanism in the calendar year had, at the time of their enrolment, already achieved a qualification at Level 2 or higher on the NZQCF.
27. The TEC must measure the limit on enrolments with a prior qualification:
- a. by excluding enrolments in qualifications in English Language Teaching (ELT) or te reo Māori;
 - b. by excluding qualifications achieved five years or more prior to the current enrolment; and
 - c. according to any other methodology set by the TEC.
28. The TEC may recover funding if a TEO exceeds the prior qualification limit.

Eligible programmes and micro-credentials

General matter

29. The TEC must ensure that funding allocated under this funding mechanism is only used for provision that:
- a. meets the objectives of foundation-level tertiary education (as set out in paragraph 3);

- b. is one of the following:
- i. part of a programme that:
 - A. leads to the award of a qualification (of 40 credits or more) at Level 1 or 2 on the NZQCF; and
 - B. has been quality assured by either NZQA or Universities NZ (where appropriate); or
 - ii. part of a micro-credential that:
 - A. leads to an award with a credit value of at least 20 credits; and
 - B. has been quality assured by either NZQA or a universities Academic Board at the delegation of Universities NZ; or
 - iii. part of a programme that leads to the award of the National Certificate of Educational Achievement (NCEA) at Level 2 that is aligned with one or more of the Vocational Pathways;
- c. includes embedded literacy and numeracy provision (except for programmes in ELT or te reo Māori);
- d. includes an effective assessment process for determining the literacy and numeracy needs of eligible funded learners and provides support to ensure that those learners progress in line with the guidelines provided by TEC;
- e. involves synchronous learning (delivered in real time to the learner);
- f. may be delivered extramurally, with prior approval from the TEC; and
- g. is provided by tutors who are appropriately qualified².
30. The TEC must publish criteria for determining whether a micro-credential has been quality assured by either NZQA or Universities NZ.
31. The TEC may restrict the funding of micro-credentials, by developing criteria for their eligibility under this mechanism.

Ineligible programmes and micro-credentials

32. The TEC must ensure that funding paid to a TEO under this funding mechanism is not used for a programmes or micro-credential where the TEC considers on reasonable grounds that a majority of the programme of study or micro-credential relates to health and safety or regulatory compliance learning that would displace the responsibility of employers to provide training necessary to mitigate health and safety risks or meet their regulatory compliance obligations.

² The appropriateness of qualified tutors relates to the foundation education qualification being delivered, including specialist areas, such as ELT, te reo Māori and supported learning, as well as capability around the delivery of embedded literacy and numeracy (see paragraph 29(c)).

Special supplementary grant (SSG) for inclusive education

33. The TEC may provide SSG funding for additional tutor support for inclusive education in TEOs that have previously delivered provision to learners requiring increased assistance.
34. The TEC must establish an allocation process for the provision of SSG funding.

PART TWO: FUNDING CONDITIONS

35. The TEC must impose the following conditions on the relevant funding provided to each TEO under this funding mechanism.

TEOs

36. The TEC must attach to funding, a condition that a TEO that receives funding under this funding mechanism must, for the length of the funding period, continue to meet all the eligibility criteria specified in paragraphs 22 and 23 of this funding mechanism.

Subcontracting

37. The TEC must attach to funding, a condition that a TEO that receives funding under this funding mechanism must:
 - a. not subcontract any of the funded activities without the prior written consent of the TEC and without the prior written approval by NZQA where the TEO is quality assured by NZQA;
 - b. comply with any conditions imposed by the TEC on an approval to subcontract;
 - c. ensure that a subcontracted party does not further subcontract any functions; and
 - d. remain accountable for the use of the funding.

Learners and enrolments

38. The TEC must attach to funding, a condition that a TEO that receives funding under this funding mechanism must ensure that each eligible learner meets and continues to meet the criteria specified in paragraph 24 of this funding mechanism.
39. The TEC must attach to funding, a condition that a TEO that receives funding under this funding mechanism must not:
 - a. restrict enrolment in eligible programmes and micro-credentials funded under this funding mechanism on the basis of private advantage (for example, enrolment being restricted to the TEO's employees only); or
 - b. secure or seek to secure a valid domestic enrolment through offering of an inducement.
40. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must limit enrolments with prior qualifications, as specified in paragraphs 26 and 27.

41. The TEC must attach to funding, a condition that a TEO that receives funding under this funding mechanism must verify a learner's identity, and confirm that a learner is a valid domestic enrolment, in accordance with the requirements developed by the TEC.

Reporting withdrawals to Ministry of Social Development

42. The TEC must attach to funding, a condition that a TEO that receives funding under this mechanism must report the withdrawal of learners to the Ministry of Social Development within five working days of each withdrawal. This is to enable student loans and student allowances to be cancelled as soon as possible.

Refunding fees for Withdrawals

43. General refund provisions under section 357 of the Act relating to domestic students enrolled in PTEs apply.
44. For TEIs, the TEC must attach to funding a condition that, if student services fees are to be refunded to a student on the basis that the student withdrew on or before the withdrawal date, the TEI must, as soon as reasonably practicable, pay the refund:
- a. to the Ministry of Social Development, if the student paid the fees using the Student Loan Scheme; or

directly to the learner.

Programmes and micro-credentials

45. The TEC must attach to funding, a condition that a TEO that receives funding under this funding mechanism must ensure that a programme or micro-credential in which an eligible learner is enrolled meets and continues to meet the criteria specified in paragraph 29 of this funding mechanism.
46. The TEC must attach to funding, a condition that a TEO that receives funding under this funding mechanism must ensure that a majority of each programme of study or micro-credential in which an eligible learner is enrolled does not relate to health and safety or regulatory compliance learning that would displace the responsibility of employers to provide training necessary to mitigate health and safety or regulatory compliance risks, as described in paragraph 32.

Fees and associated course costs

47. The TEC must attach to funding, a condition that a TEO that receives funding under this funding mechanism must not charge a fee to a learner enrolled in a programme or , micro-credential that is funded under this funding mechanism.
48. For the purposes of the condition in paragraph 47, the term "fee" includes the following items: tuition fees, compulsory course costs, examination fees, costs of materials, costs of field trips, costs associated with the compulsory purchase of equipment or books through a TEO, and other charges associated with a course that is part of a programme.
49. For the purposes of the condition in paragraph 47, the term "fee" does not include student services fees or fees for student identification cards.

50. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
- a. must pay for the necessary equipment, infrastructure and hardware required to deliver a particular micro-credential or programme³; and
 - b. in relation to the provision of essential equipment, including computers, diving hardware, and chainsaws, must not require the costs to be met through the “course-related costs” component of the Student Loan Scheme, as a condition of enrolment for students.

TEO responsibilities

51. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
- a. assign each course to a course classification and related code, as specified by the TEC; and
 - b. meet minimum performance standards specified by the TEC.

No other funding

52. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism (including SSG) must:
- a. not (without the TEC’s prior written consent) seek or obtain funding from any Crown source other than the TEC to fund provision which is funded under this funding mechanism; and
 - b. notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of sub-paragraph (a) of this condition.

Responsible use of funding

53. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism (including SSG) must use the funding:
- a. lawfully, responsibly, and for the purposes for which it is provided; and
 - b. in a manner consistent with the appropriate use of public funds.

Recovery of funding

54. The TEC must attach to funding, a condition that if a TEO receives funding under this funding mechanism (including SSG) that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:

³ The phrase “equipment, infrastructure and hardware” refers to those items that can be used by successive intakes of students. It does not include personal items which are provided for individual student use and which the TEO does not retain for the next intake of students.

- a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
55. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.
56. For the purposes of this condition, a TEO will have received funding that was "greater than it should have been" if the total dollar value of the provision funded under this funding mechanism that is delivered by a TEO within a funding year is less than 99% of the total dollar value for the provision paid to the TEO under this funding mechanism.
57. In that situation, the percentage of funding that is repayable is equal to the difference between the bottom of the tolerance band (99%) and the percentage value of the provision that was delivered.

Repayment of funding following revocation of funding approval

58. The TEC must attach to funding a condition that if, in accordance with clause 16 of Schedule 18 of the Act, the TEC suspends, revokes or withdraws some or all of a TEO's funding paid under this funding mechanism (including SSG) before that funding provided has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown that:
- a. is repayable on demand; and
 - b. may be set off against all or any funding, or any sum of money payable by the TEC to the TEO.

Disclosure of data from Statistics New Zealand's Integrated Data Infrastructure

59. The TEC must attach to funding a condition that a TEO consents, for the purposes of section 37A(a) of the Statistics Act 1975, to Statistics New Zealand disclosing information to the Ministry of Education and the TEC from its Integrated Data Infrastructure that identifies, or may identify, the TEO.
60. The TEC must inform TEOs that the Statistics Act 1975 does not constrain the ongoing use or sharing of the TEO-level data once it is disclosed.

PART THREE: FEE REGULATION SETTINGS

61. The conditions in Part Three of this funding mechanism apply to student services fees charged to domestic students who are funded through this funding mechanism. All TEOs that charge student services fees to domestic students who are funded through this funding mechanism must comply with the requirements set out in paragraphs 64 to 70.
62. Student services fees are fees that TEOs may charge to domestic students to fund student services. These were previously known as compulsory student services fees (CSSFs).
63. The objective of the requirements on TEOs that charge fees for the provision of student services is to ensure:

- a. accountability to students in the use of fees for student services;
- b. involvement of students in decisions about the charging and use of fees for student services; and
- c. fair arrangements for students in different tertiary education settings (for example, work-based students or students in fees-free foundation education programmes).

Requirements when setting student services fees

64. **Decision-making:** TEOs must establish and demonstrate adequate arrangements for decisions to be made jointly or in consultation with the students enrolled at the TEO, or their representatives, on the following matters:
- a. the maximum amount that students will be charged for student services;
 - b. the types of services to be delivered (within the permitted categories set out in paragraph 70);
 - c. the procurement of those services; and
 - d. the method for authorising expenditure on those services.
65. **Consultation requirements:** If a TEO chooses to make decisions about student services fees in consultation with learners or their representatives instead of undertaking a joint decision-making process, the TEO is required to ensure that:
- a. the outcome of the consultation is not predetermined;
 - b. proposals are clearly communicated and publicised;
 - c. there is sufficient time for learners to consider proposals and provide feedback; and
 - d. due consideration is given to student feedback.
66. **Accounting for the use of student services fees:** TEOs must either hold all student services fees in a separate bank account or ensure that all income and expenditure associated with the provision of such services is separately accounted for in the TEO's accounting system.
67. **Reporting on student services fees:** Institutions must provide information on all student services fees through their annual report, and registered PTEs must provide information on all student services fees through a written report to students. Institutions and registered PTEs must include the following information in their annual report or written report to students:
- a. a description of the services funded out of the student services fee;
 - b. a statement of the fee income and expenditure for each type of student service;
 - c. the student services fee amount charged per EFTS or academic year (or however it is calculated); and

- d. a statement describing how the provider is complying with the accounting requirements specified above in paragraph 66.
68. **Private training establishment's written reports to students:** Registered PTEs charging a student service fee must provide to the TEC a copy of the report that is provided to students. A copy of the report must be sent to:
- Requirements for Student Services Fees Submissions
Monitoring and Crown Ownership
The Tertiary Education Commission
PO Box 27048
Wellington 6141
Email: ssf@tec.govt.nz
69. **Publishing information online:** TEOs charging student services fees must, as soon as reasonably practicable each year, publish the following information on their website:
- a. a description of the services funded out of the student services fee;
 - b. a statement of the fee income and expenditure for each type of student service;
 - c. the student services fee amount charged per EFTS or academic year (or however it is calculated);
 - d. a description of the current year's student services fee decision-making process, what decisions were consulted on, how consultation with students occurred, a summary of student feedback, what the decisions were, and the extent to which student feedback was incorporated into those decisions; and
 - e. a description of how students can be involved in student services fee decisions for the following year – i.e. how TEOs propose to consult with their students and what issues might be considered.
70. **Categories of student services:** TEOs may charge student services fees to support the delivery of the following categories of services:
- a. *Advocacy and legal advice* – Advocating on behalf of individual students and groups of students, and providing independent support to resolve problems, including advocacy and legal advice relating to accommodation.
 - b. *Careers information, advice and guidance* – Supporting students' transition into post-study employment.
 - c. *Counselling services* – Providing non-academic counselling and pastoral care, such as chaplains.
 - d. *Employment information* – Providing information about employment opportunities for students while they are studying.
 - e. *Financial support and advice* – Providing hardship assistance and advice to students on financial issues.
 - f. *Health services* – Providing health care and related welfare services.

- g. *Media* – Supporting the production and dissemination of information by students to students, including through newspapers, radio, television and internet-based media.
- h. *Childcare services* – Providing childcare services while caregivers are studying.
- i. *Clubs and societies* – Supporting student clubs and societies, including through the provision of administrative support and facilities for clubs and societies.
- j. *Sports, recreation and cultural activities* – Providing sports, recreation and cultural activities for students.

Proactively Released

APPENDIX 1: CALCULATION OF DQ1-2 FUNDING

Table 1: DQ1-2 classification of programmes and micro-credentials for funding

DQ1-2 classification of programmes and micro-credentials	Funding rate/EFTS (GST Excl)
English Language Teaching	\$9,033.00
General Foundation Education	\$9,598.00
Services	\$10,164.00
Supported Learning	\$14,680.00
Te Reo Maori	\$9,033.00
Trades	\$14,680.00
Delivery in a Correctional Facility	\$14,680.00

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: delivery at Levels 3 – 7 (non-degree) on the New Zealand Qualification and Credentials Framework and all industry training

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act). This is one of two determinations for the unified funding system for vocational education and training.

This determination is for non-degree tertiary tuition and training at Levels 3 – 7 on the New Zealand Qualifications and Credentials Framework and all industry training, as well as learner-based funding via the learner component.

The new determination is set out in the appendix to this letter. The determination covers the funding of provision delivered from 1 January 2024.

Under section 422 of the Act, it is the Tertiary Education Commission's (TEC) responsibility to develop the details needed to implement my determinations of the design of funding mechanisms. Your continued focus on tertiary education organisations' Learner Success initiatives will be important in supporting the success of these funds.

Yours sincerely,

Hon Jan Tinetti
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: DELIVERY AT LEVELS 3 – 7 (NON-DEGREE) ON THE NEW ZEALAND QUALIFICATION AND CREDENTIALS FRAMEWORK AND ALL INDUSTRY TRAINING

PRELIMINARY PROVISIONS

Statutory authority

1. This determination of the design of a funding mechanism is made under section 419 of the Education and Training Act 2020 (the Act).

On-Plan funding

2. The Tertiary Education Commission (TEC) must pay funding allocated under this funding determination in accordance with section 425 of the Act.

Effective period

3. This funding mechanism relates to funding provision from 1 January 2024.
4. The TEC may exercise any of its administrative functions before 1 January 2024 as required to give effect to this funding mechanism.

Available funding

5. The amount of government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

Purpose of the unified funding system for vocational education and training

6. The unified funding system is designed to incentivise providers to:
 - a. support learners to transition to work-based training;
 - b. enhance support for employers;
 - c. increase and improve success and support for all learners;
 - d. respond to national and regional skills priorities; and
 - e. ensure a strong and sustainable regional network of provision.

PART ONE: DELIVERY COMPONENT FUNDING MECHANISM

Purpose

7. The purpose of this funding is to contribute towards the costs of providing vocational education and training.
8. Funding rates have been designed to enable and encourage providers to grow work-integrated learning pathways which meet learner, employer, and community needs. Differentiating funding by mode of delivery also allows recognition of the different cost structure of those activities.

TEO eligibility

9. The TEC may only fund a tertiary education organisation (TEO) under this funding mechanism if the TEO is one of the following:
 - a. a tertiary education institution (TEI), namely:
 - i. a university;
 - ii. Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga);
 - iii. a wānanga; or
 - b. a registered private training establishment (PTE).

TEO quality assurance

10. To be eligible for funding under this funding mechanism, a TEO must be quality assured as follows:
 - a. if the TEO is a wānanga, Te Pūkenga, or a registered PTE, the TEO must be quality assured by the New Zealand Qualifications Authority (NZQA); or
 - b. if the TEO is a university, the TEO is quality assured by the New Zealand Vice-Chancellors' Committee (Universities NZ).

Funding formula and rates

11. The TEC allocates funding under this funding mechanism for the relevant eligible programmes, micro-credentials and activities that are specified in a TEO's investment plan.
12. For the purposes of calculating the value of a TEO's approved funding under this funding mechanism, the TEC must use a metric comprising:
 - a. the number of valid domestic enrolments, measured in equivalent full-time student units (EFTS); and
 - b. the programmes or micro-credentials, and their component parts, in which learners are enrolled, and the assigned delivery classifications, funding categories, and funding rates of those programmes and component parts.

Equivalent Full-Time Student units (EFTS)

13. One (1.0) EFTS unit is defined 120 credits of full-time study over a single academic or calendar year. One Standard Training Measure is equivalent to one EFTS unit.
14. A TEO will determine the EFTS value of each of its programmes or micro-credentials and the course EFTS factor of its components, in accordance with criteria published by the TEC.

Standard Training Measure (STM)

15. An STM is defined as the amount of training that is required for a work-based learner to achieve 120 New Zealand Qualification and Credentials Framework (NZQCF) credits.

16. The TEC must use the following formula to calculate the number of STMs for which a TEO is entitled to receive funding:

$$\text{funded STMs} = \frac{\text{number of enrolled industry trainees or New Zealand Apprentices} \times \text{credits per industry trainee or New Zealand Apprentice per year}}{120}$$

Funding classifications

17. For data submitted through the Single Data Return (SDR), TEOs must assign each classified programme, micro-credential and/or component part a funding category according to the tables (relating to subject classification and mode of delivery) in Appendix 1. The content of the programmes and/or component parts (rather than its name) must determine the assignment.
18. The TEC must validate the TEO's assignment of its programmes, micro-credentials and/or component parts to the appropriate classifications and funding categories, as outlined in the tables in Appendix 1.
19. For data submitted through the Industry Training Register (ITR), the TEC must:
- assign each programme, micro-credential, and/or component parts a classification listed in Table 1, 'Delivery Classification', in Appendix 1 of this funding mechanism; and
 - assign each programme, micro-credential, and/or component parts a funding category listed in the tables in Appendix 1 of this funding mechanism.

Funding rates

20. The TEC must apply the per-EFTS funding rates for programmes, micro-credentials and/or their component parts, as set out in Table 4, "Funding rates" of Appendix 1.

Flexible funding

21. The TEC must establish criteria, based on minimum thresholds for organisational and educational performance, for determining under which circumstances a TEO qualifies for flexible funding (a "qualifying TEO").
22. However, a TEO is not a qualifying TEO unless it is funded by the TEC to deliver 20 or more EFTS.
23. The TEC must allocate flexible funding, over and above that approved through investment plans, to qualifying TEOs in the following circumstance: the value of provision actually delivered by the TEO, as measured in dollars, is greater than the value of its approved funding allocation.
24. If a qualifying TEO meets the condition specified in paragraph 23 above, the TEC must pay the TEO up to the following limits, either:
- 2% of the qualifying TEO's approved funding allocation; or
 - 10 EFTS, whichever is greater.

25. The TEC may establish criteria to allocate funding above the additional funding limits specified in paragraph 24, provided the TEC has assessed whether the funding available is sufficient for the TEC to provide funding above these limits.

Valid domestic enrolments

26. For the purposes of this funding mechanism, the term “valid domestic enrolment” refers to the enrolment of a learner who is:
- a. a domestic student as defined in section 10(1) of the Act; or
 - b. an Australian citizen or Australian permanent resident currently residing in New Zealand; and
 - c. either:
 - i. aged 16 years and over; or
 - ii. aged under 16 years and meets the criteria determined by the TEC; and
 - d. studying in New Zealand, unless the learner meets the criteria in paragraph 29; and
 - e. has paid or committed to pay their fees (if fees apply).
27. The TEC must establish criteria for determining under which circumstances a learner can be considered to be a valid domestic enrolment, where the learner:
- a. is aged under 16 years; or
 - b. has not paid their fees (if fees apply).
28. The TEC must establish the requirements that TEOs must comply with to verify each learner’s identity and confirm that a learner is a valid domestic enrolment.

Eligibility for learners studying outside of New Zealand

29. A learner studying outside of New Zealand is a valid domestic enrolment only if the learner meets the above criteria in paragraph 26(a-c) and (e) and:
- a. if they are studying at an overseas campus or delivery site (irrespective of whether they are enrolled at the TEO’s New Zealand campus or overseas campus), the learner meets the following criteria:
 - i. enrolled at a New Zealand TEO in a programme leading to the award of a qualification at Level 7 (non-degree) on the NZQCF;
 - ii. the study outside New Zealand is full-time and face-to-face (i.e. not in an extramural mode of delivery) in an approved country identified on the Education New Zealand website; and
 - iii. is undertaking part (but not all) of the programme outside New Zealand.

Inducements

30. Even if a learner meets the criteria specified in paragraph 26, the enrolment is not a valid domestic enrolment for the purposes of this funding mechanism if it has been secured by way of an inducement.
31. An inducement may include a financial incentive or ongoing personal possession of physical items where they induce a learner to enrol. An inducement does not include advertising or offering programmes where learning is undertaken in the work-based: pathway to work mode of delivery.
32. The TEC must establish criteria for determining what constitutes an inducement.

Programme Eligibility

33. The TEC must ensure funding paid to a TEO under this funding mechanism is for:
 - a. a programme or micro-credential leading to an award on the NZQCF at Levels 3-7 (non-degree) and has been quality assured by NZQA or Universities NZ (as appropriate), or
 - b. part of a programme or micro-credential, where the programme or micro-credential it is part of leads to an award on the NZQCF at Levels 3-7 (non-degree) and has been quality assured by NZQA or Universities NZ (as appropriate) for which the TEO has TEC funding approval; and
 - c. meets any other criteria specified by the TEC.
34. The TEC may fund a programme or micro-credential, or part of a programme or micro-credential, at Levels 1 and 2 on the NZQCF only if it is predominately completed in the work-based or assessment and verification modes of delivery.
35. A programme or micro-credential, or part of a programme or micro-credential, leading to a qualification at Level 1, 2, or 3 on the NZQCF must include embedded literacy and numeracy.
36. The TEC must set guidelines, to ensure consistency across the sector, on how a TEO will determine the literacy and numeracy needs of eligible learners and provide support to those learners to meet their literacy and numeracy needs.

Health and safety and regulatory compliance learning

37. The TEC must ensure that funding paid to a TEO under this funding mechanism is not used for a programme or micro-credential where the TEC considers on reasonable grounds that a majority of the programme or micro-credential relates to health and safety or regulatory compliance learning that would displace the responsibility of employers to provide training necessary to mitigate health and safety risks or meet their regulatory compliance obligations.

Cap on high-cost aviation provision

38. The TEC must ensure that funding for provider-based aviation programmes that includes an in-flight training component does not exceed 450 EFTS.¹

Health-related professional programmes and micro-credentials

39. The TEC may allow funding paid to a TEO under this funding mechanism to be used for programmes and/or micro-credentials, or their component parts that lead to the award of a post-entry health-related professional qualification or micro-credential that:
- a. is of an academic or research nature; and
 - b. has a clinical component of 30% or less within the total programme or micro-credential.
40. The TEC must ensure that funding paid to a TEO under this funding mechanism is not used for programmes and/or micro-credentials, or their component parts, that lead to the award of a post-entry health-related professional qualification or micro-credential that has:
- a. a clinical component of more than 30% within the total programme or micro-credential; and
 - b. either:
 - i. a requirement for clinical education and training; or
 - ii. an emphasis on specialist clinical professional skills.

PART TWO: LEARNER COMPONENT FUNDING

Purpose

41. The purpose of this funding is to support TEOs to put learners at the centre of their organisation and to improve outcomes for learners by:
- a. supporting all learners, particularly those learners who have traditionally been underserved by the education system; and
 - b. recognising that there are higher costs involved in adapting education delivery and support to meet learners' unique needs.
42. The learner groups mentioned in this funding determination serve as a proxy for learners who need additional support to be successful in vocational education and training (VET).² I expect the TEC to ensure that TEOs identify the unique needs of all their learners (including through engagement with learners and their communities), make decisions about how to support them, and allocate funding accordingly.

¹ This 450 EFTS cap includes any delivery on the NZQCF at level 3 and above in aviation, including delivery funded through the *Delivery on the New Zealand Qualification and Credentials Framework at Level 7 (degree) and above* funding mechanism.

² Vocational education and training, for the purposes of this funding mechanism, refers to delivery eligible to be funded through this funding mechanism.

Funding priority for the learner component

43. My priorities for learner component funding are for TEOs to build capability and demonstrate how they will deliver results for learners (including, where relevant, in supporting employers who deliver work-based learning) by committing to:
- a. addressing racism, bias and low expectations that impact VET learners and their whānau;
 - b. strengthening mechanisms to hear and act on VET learner voice and understand the views of whānau and communities about VET;
 - c. reducing barriers for VET learners, particularly in accessing work-based learning, and supporting them to be successful in VET; and
 - d. ensuring VET teaching and learning meets learner, employer and industry needs, and delivers skills relevant for the workplace.
44. Over time, I expect TEOs will develop capability and capacity so that learner:
- a. are well supported by TEOs and employers to enrol in, and complete, VET programmes;
 - b. have increased enrolment rates in programmes with significant elements of work-based learning; and
 - c. have increased qualification completion rates across all VET qualifications.

Funding formula and rates

45. The TEC must calculate learner component funding allocations based on the number of valid domestic enrolments who are part of the learner groups identified below at each eligible TEO. Funding allocated under the learner component is in addition to the funding allocated under the delivery component and is not subject to recovery under paragraphs 96-102.
46. This funding does not apply to valid domestic enrolments in the assessment and verification mode of delivery.
47. The learner component rates per EFTS are:

Eligible learner	Rate
Learners with low prior attainment and/or disabled learners	\$1,295.00
Māori and/or Pacific learners at Levels 1-2 (work-based only)	\$148.00
Māori and/or Pacific learners at Levels 3-6	\$148.00
Māori and/or Pacific learners at Level 7 (non-degree)	\$355.00

48. A 'learner with low prior attainment' is someone who at the date of enrolment has not previously achieved a qualification on the NZQCF at Level 3 or above or equivalent.
49. Following the calculations above, 20% of each allocation will be paid subject to paragraphs 50-62 below.

Performance expectations

For TEOs that will receive more than \$100,000 of learner component funding

50. The TEC must develop with each TEO performance expectations that show how the TEO will contribute to meeting the current funding priorities of the learner component, and that are relevant and tailored to each TEO and the needs of its learner populations.
51. The TEC must pay a TEO 20% of its learner component allocation when the TEO has met agreed performance expectations.
52. The TEC must monitor and report progress against the priorities set out in paragraph 43.
53. From 2025, the TEC must engage with Māori and iwi on its proposed principles or underlying approach for developing performance expectations and monitoring arrangements. This includes ensuring that TEOs appropriately engage with Māori and iwi as required for Investment Plans.

For TEOs that will receive more than \$50,000, but less than \$100,000 of learner component funding

54. For TEOs that are required to submit an Investment Plan for 2024, the TEC must develop with each TEO performance expectations that show how the TEO will contribute to meeting the priorities set out in paragraph 43, and that are relevant and tailored to each TEO and the needs of its learner populations.
55. The TEC must pay a TEO that has set performance expectations in accordance with paragraph 54 20% of its learner component allocation when the TEO has met the performance expectations.
56. For TEOs that are not required to submit an Investment Plan for 2024, the TEC must set performance expectations for those TEOs. The performance expectations must be based on the priorities set out in paragraph 43.
57. The TEC must pay a TEO that has set performance expectations in accordance with paragraph 54 20% of its learner component allocation if the TEC is satisfied that the TEO is making sufficient progress towards meeting the performance expectations.
58. The TEC must monitor and report progress against the funding priorities set out in paragraph 43.
59. From 2025, the TEC must engage Māori and iwi on its proposed principles or underlying approach for developing performance expectations and monitoring arrangements. This includes ensuring that TEOs appropriately engage with Māori and iwi as required for Investment Plans.

For TEOs that will receive less than \$50,000 of learner component funding

60. TEOs that receive less than \$50,000 of learner component funding will not be required to set or meet performance expectations.
61. The TEC must pay such TEOs their full learner component allocation based on the funding formula and rates set out in paragraphs 45-49.

62. The TEC has discretion to determine that:
- a. any TEO that receives less than \$50,000 of learner component funding must set and meet performance expectations for learner component funding, and payments for the learner component will then be made in accordance with paragraph 51; or
 - b. any TEO that receives more than \$50,000 of learner component funding is not required to set or meet performance expectations, and payments for the learner component will then be made in accordance with paragraph 61.

PART THREE: FUNDING CONDITIONS

Performance standards

63. The TEC may set minimum and maximum performance and delivery standards for TEOs, including credit achievement standards.

TEOs

64. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must meet, and for the length of the funding period must continue to meet, all of the eligibility criteria specified in paragraphs 9 and 10 of this funding mechanism.
65. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
- a. For data reported through the ITR, as outlined in paragraphs 18 and 19, accurately assign the credit value and nominal duration to a programme in order for the correct STM value to be calculated;
 - b. for data reported through the SDR, as outlined in paragraphs 17 and 18 –
 - i. accurately assign each of its programmes, micro-credentials and /or component parts an EFTS factor;
 - ii. accurately assign each of its programmes, micro-credentials and/or component parts a classification listed in Table 1, “Delivery Classification” of Appendix 1 of this funding mechanism;
 - iii. accurately assign each of its programmes, micro-credentials and/or component parts a funding category listed in the tables in Appendix 1 of this funding mechanism; and
 - c. meet minimum and maximum performance standards specified by the TEC.

Programmes

66. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each programme or micro-credential and/or its component parts in which an eligible learner is enrolled meets and continues to meet the criteria specified in paragraph 33 of this funding mechanism.

67. Where funding is used for programmes or micro-credentials leading to a qualification at Level 1, 2, or 3, the TEC must attach to funding a condition that the programme or micro-credential, or its component part, at Level 1, 2, or 3 includes embedded literacy and numeracy.
68. The TEC must attach to funding a condition that a TEO must not use funding paid under this funding mechanism to fund a programme or micro-credential where the TEC reasonably considers that a majority of the programme or micro-credential would displace the responsibility of employers to provide training necessary to mitigate health and safety risks or meet their regulatory compliance obligations.

New Zealand Apprenticeships

69. The TEC must attach to funding a condition that a TEO must report programmes that meet the following criteria as New Zealand Apprenticeships:
- a. provide an entry point into an occupation to set a person up for a career in an industry;
 - b. meet any regulatory requirements for entry into an occupation;
 - c. require a tripartite agreement;
 - d. contain a strong theoretical component to support further learning, as well as a practical element;
 - e. are directly related to the intended career; and
 - f. lead to either:
 - i. a qualification at level 4 on the NZQCF that has a minimum of 120 credits and, if approved by the TEC, additional qualifications at level 3 or level 4 on the NZQCF; or
 - ii. multiple qualifications that together have at least 120 credits, provided those qualifications are at level 3 and level 4 on the NZQCF, and at least 60 credits are at level 4 on the NZQCF; and
 - g. meet any additional criteria set by the TEC to ensure that the programme is focussed on Level 4 outcomes on the NZQCF.
70. The TEC must attach to funding a condition that a TEO must report learners as a New Zealand Apprentice through the Industry Training Register if they are a valid domestic enrolment, and are:
- a. enrolled in a New Zealand Apprenticeship programme;
 - b. employed in the occupation for which the apprentice is training; and
 - c. supported by a training plan agreed by the apprentice, the employer, and the TEO arranging the training, throughout the programme.
71. The TEC must approve, and maintain, a register of all New Zealand Apprenticeships, and may withdraw approval, with effect for new enrolments after a reasonable notice period.

Subcontracting

72. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
- a. not subcontract any of the funded activities without the prior written consent of the TEC, and if the TEO is quality assured by NZQA without the prior written approval by NZQA;
 - b. comply with any conditions imposed by the TEC on an approval to subcontract;
 - c. ensure that a subcontracted party does not further subcontract any functions; and
 - d. remain accountable for the use of the funding.

Learners and enrolments

73. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each eligible learner meets and continues to meet the criteria specified in paragraph 26 of this funding mechanism.
74. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must not:
- a. restrict enrolment in programmes and micro-credentials funded under this funding mechanism on the basis of private advantage (for example, enrolment being restricted to the TEO's employees only); or
 - b. secure or seek to secure a valid domestic enrolment through offering of an inducement, as specified in paragraphs 30 to 31.
75. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must verify a learner's identity, and confirm and obtain evidence that a learner is a valid domestic enrolment in accordance with the criteria developed by the TEC.
76. The TEC must attach to funding a condition that if a learner is in a work-based: pathway to work, work-based or assessment and verification mode of delivery, the TEO must ensure that it keeps a record of evidence that the learner has a formal training agreement with their employer that is intended to lead to the completion of one or more of the programmes and/or micro-credentials.

Reporting withdrawals to Ministry of Social Development

77. The TEC must attach to funding a condition that a TEO that receives funding under this mechanism must report the withdrawal of learners in provider-based and provider-based extramural modes of delivery to the Ministry of Social Development within five working days of each withdrawal. This is to enable student loans and student allowances to be cancelled as soon as possible.

Refunding fees for Withdrawals

78. General refund provisions under section 357 of the Act relating to domestic students enrolled in PTEs apply.

79. For TEIs, the TEC must attach to funding a condition that, if fees are to be refunded to a learner on the basis that the learner withdrew on or before the withdrawal date, the TEI must, as soon as reasonably practicable, pay the refund:
- a. to the Ministry of Social Development, if the student paid the fees using the Student Loan Scheme; or
 - b. directly to the learner or employer, depending on who paid the fees.

High-cost provision

80. If the TEC allocates funding to a TEO for high-cost provision, the TEC must attach the following condition or conditions to funding:

Aviation

81. A TEO funded through the provider-based mode of delivery must not use funding provided under this funding mechanism to fund high-cost provision, as specified in paragraph 38, above the volume of EFTS for that provision at the TEO that the TEC has agreed to fund.
82. The TEC must attach to funding a condition that each TEO that is allocated EFTS for aviation provision that includes an in-flight training component (pilot training) must supply the Ministry of Social Development with the correct learner enrolment information, through the Verification of Study system, that ensures that:
- a. annual student loan fee borrowing for any pilot training learner does not exceed:
 - i. if the learner is not eligible for Fees Free Tertiary Education, \$35,000 per EFTS, as set out in paragraphs 86 and 87 and in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education that is issued under section 409(1)(j) of the Act; or
 - ii. if the learner is eligible for Fees Free Tertiary Education, \$35,000 per EFTS, less the amount payable to a TEO by the TEC on behalf of the learner for fees in accordance with criteria set out in paragraphs 86 and 87 and in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education that is issued under section 409(1)(j) of the Act; and
 - b. where a pilot training learner is studying part-time, annual student loan fee borrowing does not exceed the proportion of \$35,000 that is represented by the proportion of an EFTS course load that is being undertaken by the learner, less any fees payment made by the TEC on behalf of the learner (as set out in paragraphs 86 and 87 and in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education). For example, if a learner is studying 0.4 EFTS units in the year, the student loan borrowing limit will be \$14,000. For those eligible for the Fees Free Tertiary Education payment, the student loan borrowing limit for 0.4 EFTS units in the year would be \$14,000, less the amount payable to a TEO by TEC on behalf of the learner for fees.

Fees and associated course costs

83. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:

- a. must pay for the necessary equipment, infrastructure and hardware required to deliver a particular programme, micro-credential and/or component part³; and
 - b. in relation to the provision of essential equipment, including computers, diving hardware, and chainsaws, must not:
 - i. include the costs of these items in any fees, compulsory course costs, or student services fees, charged to learners; or
 - ii. require the costs to be met through the “course-related costs” component of the Student Loan Scheme, as a condition of enrolment for learners; and
 - c. must not meet the costs of overseas travel for learners through the use of funding obtained under this funding mechanism or via the Student Loan Scheme, unless the overseas travel is academically essential.
84. For the purposes of paragraph 83(c) above, the TEC must develop guidelines determining when overseas travel is academically essential.
85. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must comply with the Fee Regulation Settings, as specified in Part Four of this funding mechanism.

Fees Free Tertiary Education

86. The TEC must attach to funding a condition that a TEO must not charge an eligible learner, or their employer if applicable, an amount in respect of fees (as defined by any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education and issued under section 409(1)(j) of the Act) otherwise payable by the learner, or their employer if applicable, if the TEC has advised the TEO that the TEC will:
- a. if the TEO is not a PTE, pay that amount to the TEO in respect of fees on behalf of the learner, or their employer if applicable; or
 - b. if the TEO is a PTE, compensate the PTE for that amount in respect of fees forgone as a result of the condition required to be imposed under this paragraph.
87. For the purposes of the condition that the TEC must impose under paragraph 86 (above), the TEC must determine each amount payable to a TEO by the TEC in accordance with criteria set out in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education and issued under section 409(1)(j) of the Act.
88. The TEC must attach to funding a condition that each TEO must work collaboratively with the TEC to give effect to the Fees Free Tertiary Education initiative. In particular, the TEO must provide information as required by the TEC, to enable the TEC to understand the EFTS consumption of eligible learners, and in relation to fees.

³ The phrase “equipment, infrastructure and hardware” refers to those items that can be used by successive intakes of learners. It does not include personal items which are provided for individual learner use and which the TEO does not retain for the next intake of learners nor does it refer to the infrastructure used by learners in work-based: pathway to work, work-based or assessment and verification modes.

89. Any fees in excess of the amount payable by the TEC under paragraphs 86 and 87 may be charged by the TEO to the learner, or their employer if applicable.

Learner component funding

90. The TEC must attach to learner component funding a condition that a TEO must:
- a. identify the unique needs of all learners (including through engagement with learners and their communities);
 - b. make decisions about how to support learners; and
 - c. allocate funding accordingly.
91. The TEC must attach to funding a condition that a TEO required to set and meet performance expectations must demonstrate how it will deliver results for learners, and commit to:
- a. address racism, bias and low expectations that impact VET learners and their whānau;
 - b. strengthen mechanisms to hear and act on VET learner voice and understand the views of whānau and communities about VET;
 - c. reduce barriers for VET learners, particularly in accessing work-based learning, and supporting them to be successful in VET; and
 - d. ensure VET teaching and learning meets learner, employer and industry needs, and delivers skills relevant for the workplace.
92. If the TEC has identified that a TEO must set and meet performance expectations under paragraph 50, 54, 56 or 62(a), the TEC must attach to funding a condition that the TEO:
- a. Must, if paragraph 50 or paragraph 54 is applicable, review its performance expectations each year and take one of the following actions:
 - i. if the TEO considers the changes to the performance expectations are required, it must submit amended performance expectations for approval by the TEC; or
 - ii. if the TEO considers that its existing performance expectations are appropriate, advise the TEC that it has completed its review and no changes to the performance expectations are required; and
 - b. provide any information specified by the TEC within timeframes specified by the TEC to enable the TEC to monitor the TEO's performance against the performance expectations.

No other funding

93. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:

- a. not (without the TEC's prior written consent) seek or obtain funding from any Crown source other than the TEC to fund a programme or micro-credential which is funded under this funding mechanism; and
- b. notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of sub-paragraph (a) of this condition.

Responsible use of funding

94. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must use the funding:
- a. lawfully, responsibly, and for the purposes for which it is provided; and
 - b. in a manner consistent with the appropriate use of public funds.

TEC administrative responsibility in the case of under-funding

95. If a TEO receives funding under this funding mechanism that is less than it should have been, or than what it was entitled to receive, the TEC must treat the amount of the under-funding as a credit and pay the amount of the under-funding as soon as reasonably practicable.

Recovery of funding

96. The TEC must attach to funding a condition that if a TEO receives delivery component funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive as determined by TEC, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
- a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
97. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.
98. For the purposes of this condition, a TEO will have received funding that was "greater than it should have been" if the total dollar value of the provision funded under this funding mechanism that is delivered by a TEO within a funding year is less than 99% of the total dollar value for the provision paid to the TEO under this funding mechanism.
99. In that situation, the percentage of funding that is repayable is equal to the difference between the bottom of the tolerance band (99%) and the percentage value of the provision that was delivered.

Over-delivery

100. The TEC must attach to funding a condition that a TEO cannot deliver provision above 105% of their approved allocation without prior written approval from the TEC.

Recovery of funding in case of deviation from approval

101. The TEC must attach to funding a condition that if a TEO deviates materially and substantially from their commitments of delivering specific subject areas, programme or micro-credential levels and/or the mode of delivery for which funding is approved, the TEC may treat the funding for that programme or activity as recoverable as a debt due to the Crown that:
 - a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
102. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

Repayment of funding following revocation of funding approval

103. The TEC must attach to funding a condition that if, in accordance with clause 16 of Schedule 18 of the Act, the TEC suspends or revokes some or all of a TEO's funding paid under this funding mechanism before that funding has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown and is:
 - a. repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

Disclosure of data from Statistics New Zealand's Integrated Data Infrastructure

104. The TEC must attach to funding a condition that a TEO consents, for the purposes of section 37A(a) of the Statistics Act 1975, to Statistics New Zealand disclosing information to the Ministry of Education and the TEC from its Integrated Data Infrastructure that identifies, or may identify, the TEO.
105. The TEC must inform TEOs that the Statistics Act 1975 does not constrain the ongoing use or sharing of the TEO-level data once it is disclosed.

Benchmarking

106. The TEC must attach to funding a condition that a TEI must participate as appropriate in benchmarking, including:
 - a. providing the TEC, or any vendor contracted by the TEC for benchmarking purposes, with financial and performance information as requested, in a timely manner; and
 - b. engaging with follow-up questions and related quality assurance processes, in a timely manner; and
 - c. contributing to the cost of any vendor contracted by the TEC, at a rate determined by the TEC.

PART FOUR: FEE REGULATION SETTINGS

107. The conditions in Part Four of the funding mechanism relate to fees charged by TEOs for the relevant programmes, micro-credentials, activities and/or component parts funded under this funding mechanism, and to student services fees charged to domestic students who are funded under this funding mechanism. However, fees charged for industry training (i.e. programmes previously funded through the Industry Training Fund) are exempt from the conditions in paragraphs 111 to 133.
108. The fees charged by a TEO are subject to these conditions if the TEO is the sole source of the item to which the fee relates.

Definitions

109. In Part Four of this funding mechanism, unless the context otherwise requires:
- a. **Course** means part of a programme that leads to the award of a qualification on the NZQCF, including a certificate, diploma or degree. This includes a course that is part of a programme where the student is not enrolled in the programme (for example, where a student is only enrolled in one or more courses but not intending to complete the entire programme);
 - b. **Industry training** means programmes previously funded through the Industry Training Fund;
 - c. **Micro-credential**, means study or training that leads to an award but does not, of itself, lead to an award of a qualification listed on the NZQCF;
 - d. **Programme** means programme of study or training leading to the award of a qualification listed on the NZQCF;
 - e. **Fees** means:
 - i. tuition fees; and
 - ii. compulsory course costs that are charged to all students enrolled in a course, which includes (but are not limited to) the following: any compulsory costs associated with enrolment, examinations (including reporting of credits to the NZQA), field trips, and any compulsory purchase of equipment or books through the TEO; and
 - iii. excludes any administrative fees or charges (other than tuition fees or compulsory course costs) for additional services that are payable as a result of the specific circumstances of a student, which includes (but are not limited to) the following: reassessment or remarking of examination results, examination relocation fees, fees associated with recognition of prior learning, or fees associated with an application for selected entry programmes; and
 - iv. excludes student services fees;
 - f. **Student services fees** means fees for the provision of student services that are provided by a TEO or by another person or body on behalf of the TEO. These fees were previously known as compulsory student services fees (CSSFs); and

- g. **TEO** means tertiary education organisation as defined in section 10 of the Act.

The Annual Maximum Fee Movement

110. The Annual Maximum Fee Movement (AMFM) sets the maximum percentage that TEOs may increase their fees by each year for domestic students for all programmes and their component courses that are funded under this funding mechanism, excluding any fees charged for industry training.
111. The AMFM for 2024 is set at 2.8 percent. This permits a 2.8 percent increase on the fees (GST exclusive) charged in 2023 to domestic students for all courses that are funded under this funding mechanism.
112. If a TEO reduces fees for a course across one or more calendar years, the TEO can then return to the previous fee (from before the reduction was applied), in addition to applying the AMFM rates for the period in which the fees were reduced. This clause does not apply where fee reductions were in place prior to 2024.
113. The AMFM applies to any new courses established by a TEO in substitution for an existing course dealing with the same or similar subject matter, at a same or similar level on the NZQCF, for which funding provided under this funding mechanism can be used, except where the provisions in paragraph 114 below apply.
114. For courses delivered by Te Pūkenga that are part of Te Pūkenga's process to unify similar programmes, and where Te Pūkenga delivers this course across its network, the fees for those courses are not subject to the AMFM limits, but are subject to the fee setting limits for new courses outlined below in paragraphs 121-126.

Exceptions to the Annual Maximum Fee Movement

115. A TEO may apply to the TEC for an exception from the 2024 AMFM on the basis of exceptional circumstances. Any exception granted will not exceed an additional 2.8 percent increase over and above the permitted 2.8 percent increase.
116. In considering exceptional circumstances, the TEC must only have regard to the following criteria:
- a. the TEO can demonstrate that it is financially unsustainable to deliver the course, in terms of the cost of delivering the course and taking into account the total income that the course would generate (including government funding and tuition fees), and that there are no satisfactory alternatives to limit costs; and
 - b. the existing fees for the course are no more than the 75th percentile of the range of fees charged for similar courses; and
 - c. any two of the following three criteria:
 - i. where the course is part of a qualification at Levels 3-7 (non-degree) on the NZQCF that has been delivered previously, the programme has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF level in the previous year;
 - ii. the TEO can demonstrate that the course is in some way unique or special, for example, that there are no available local alternatives; and

- iii. not allowing an exception will prevent the TEO from making a significant contribution to the achievement of one or more of the Government's priorities, as set out in the current Tertiary Education Strategy.
- 117. For the purpose of paragraph 116(b), the TEC must specify how similar courses will be determined.
- 118. If a TEO is applying for an exception for multiple courses, each course must individually meet the exception criteria specified in paragraph 116.
- 119. There is a limit to the number of courses for which a TEO can request an exception for each year, depending on the number of EFTS enrolled at the TEO. For a TEO with less than 1,000 EFTS, the limit is 4 courses. For a TEO with between 1,000 and 5,000 EFTS, the limit is 8 courses. For a TEO with between 5,000 and 10,000 EFTS, the limit is 12 courses. For a TEO with more than 10,000 EFTS, the limit increases by 4 courses per increment of 10,000 EFTS.

Low or Zero Fee Courses

- 120. If the fee for a course funded under this funding mechanism is less than \$511.11 (GST inclusive) (or \$444.44 (GST exclusive)) per EFTS in 2023, then for 2024, the TEO may increase the fee to up to \$511.11 (GST inclusive) (or \$444.44 (GST exclusive)) per EFTS, or can increase the fee by 2.8 percent, whichever is the greater.

Fee-setting Limits for New Courses

- 121. The fee for a new course established by a TEO and funded under this funding must be no more than the 75th percentile from the range of fees charged for similar courses. The TEC must specify how similar courses will be determined.
- 122. The above fee-setting limit applies to any new course funded under this funding mechanism (excluding any fees charged for industry training), except where the course is in substitution for an existing course dealing with the same or similar subject matter, at a same or similar level on the NZQCF. Substitute courses are subject to the AMFM.

Exceptions to Fee-setting Limits for New Courses

- 123. A TEO may apply for an exception from the fee setting limits for new courses on the basis of exceptional circumstances.
- 124. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:
 - a. The course would not be financially viable without a higher fee; and
 - b. where the course is part of a programme at Levels 3-7 (non-degree) on the NZQCF that has been delivered previously, the programme has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF level in the previous year; and
 - c. the TEO can demonstrate that the course is in some way unique or special; for example, there are no or very few similar courses to compare fees with; and

- d. the course is aligned to the Government's priorities as set out in the Tertiary Education Strategy.
125. The TEC must only grant an exception if it is satisfied that the TEO meets all of the above criteria.
126. The TEC will have discretion to determine the level at which a TEO can set fees for any new courses that have been granted an exception.

Fee-capping Limits for Micro-credentials

127. The fees for a micro-credential must be no more than \$64 (GST inclusive) per credit. This fee cap does not apply to component courses that also lead to the award of a qualification and are funded through this funding mechanism, or to any fees charged for industry training.
128. Where a micro-credential is wholly or partly comprised of courses that also lead to the award of a qualification and are funded through this funding mechanism, the fees for those courses must be equal to, or less than, the maximum fee permitted for the course under the AMFM and fee setting limits for new courses. The fees for the components that are not also part of a programme must be no more than \$64 (GST inclusive) per credit.

Exceptions to Fee Capping Limits for Micro-credentials

129. A TEO may apply to the TEC for an exception from the fee capping limits for a micro-credential (or components of a micro-credential that are not made up of existing courses subject to the AMFM) on the basis of exceptional circumstances.
130. Where a course in a micro-credential is also a course in a programme, it is subject to the AMFM and the relevant exception criteria outlined in paragraphs 115-120.
131. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:
- a. the TEO can demonstrate that the fee cap makes it financially unsustainable to offer the micro-credential, in terms of the costs of delivering the micro-credential and taking into account the total income that the micro-credential would generate (including Government funding and fees), and that there are no satisfactory alternatives to limit costs; and
 - b. the TEO can provide evidence that there is strong support from industry and/or employers to deliver the micro-credential and that the micro-credential clearly meets industry and/or employer needs.
132. The TEC must only grant an exception if it is satisfied that the micro-credential meets both of the above criteria.
133. The TEC will have discretion to determine the level at which a TEO can set fees for any micro-credential granted an exception.

Student services fees

134. All TEOs that charge student services fees to domestic students who are funded through this funding mechanism must comply with the requirements set out paragraphs 136 to 143.
135. The objective of the requirements on TEOs that charge student services fees is to ensure:
- a. accountability to students in the use of fees for student services;
 - b. involvement of students in decisions about the charging and use of fees for student services; and
 - c. fair arrangements for students in different tertiary education settings (for example, work-based students or students in fees-free foundation education programmes).

Requirements when setting student services fees

136. **Opt-in arrangements for apprentices and trainees:** TEOs must not charge a compulsory fee for student services to apprentices and trainees (as defined in section 10(1) of the Act), or their employers. TEOs must give apprentices, trainees and their employers the option of paying for and accessing student services. Where apprentices and trainees opt in to receive student services and pay fees, TEOs are still required to comply with the requirements outlined in paragraphs 137 to 143.
137. **Decision-making:** TEOs must establish and demonstrate adequate arrangements for decisions to be made jointly or in consultation with the students enrolled at the TEO, or their representatives, on the following matters:
- a. the maximum amount that students will be charged for student services; and
 - b. the types of services to be delivered (within the permitted categories set out below); and
 - c. the procurement of those services; and
 - d. the method for authorising expenditure on those services.
138. **Consultation requirements:** If a TEO chooses to make decisions about student services fees in consultation with students enrolled at the TEO or their representatives, instead of undertaking a joint decision-making process, the TEO is required to ensure that:
- a. the outcome of the consultation is not predetermined;
 - b. proposals are clearly communicated and publicised;
 - c. there is sufficient time for learners to consider proposals and provide feedback; and
 - d. due consideration is given to student feedback.

139. **Accounting for the use of student services fees:** TEOs must either hold all student services fees in a separate bank account or ensure that all income and expenditure associated with the provision of such services is separately accounted for in the TEO's accounting system.
140. **Reporting on student services fees:** TEIs must provide information on all student services fees through their annual report, and registered PTEs must provide information on all student services fees through a written report to students. TEIs and registered PTEs must include the following information in their annual report or written report to students:
- a. a description of the services funded out of the student services fee;
 - b. a statement of the fee income and expenditure for each type of student service;
 - c. the student services fee amount charged per EFTS or academic year (or however it is calculated); and
 - d. a statement describing how the provider is complying with the accounting requirements specified above in paragraph 139.
141. **PTEs' written reports to students:** Registered PTEs charging student services fees must provide to the TEC a copy of the report that is provided to students. A copy of the report must be sent to:
- Requirements for Student Services Fees Submissions
Monitoring and Crown Ownership
The Tertiary Education Commission
PO Box 27048
Wellington 6141
Email: ssf@tec.govt.nz
142. **Publishing information online:** TEOs charging student services fees must, as soon as reasonably practicable each year, publish the following information on their website:
- a. a description of the services funded out of the student services fee;
 - b. a statement of the fee income and expenditure for each type of student service;
 - c. the student services fee amount charged per EFTS or academic year (or however it is calculated);
 - d. a description of the current year's student services fee decision-making process, including what decisions were consulted on, how consultation with students occurred, a summary of learner feedback, what the decisions were, and how learner feedback was incorporated into those decisions; and
 - e. a description of how students can be involved in student services fee decisions for the following year – i.e. how TEOs propose to consult with their students and what issues might be considered.

143. **Categories of student services:** TEOs may charge student services fees to support the delivery of the following categories of services:

- a. Advocacy and legal advice – Advocating on behalf of individual students and groups of students, and providing independent support to resolve problems, including advocacy and legal advice relating to accommodation.
- b. Careers information, advice and guidance – Supporting students' transition into post-study employment.
- c. Counselling services – Providing non-academic counselling and pastoral care, such as chaplains.
- d. Employment information – Providing information about employment opportunities for students while they are studying.
- e. Financial support and advice – Providing hardship assistance and advice to students on financial issues.
- f. Health services – Providing health care and related welfare services.
- g. Media – Supporting the production and dissemination of information by students to students, including through newspapers, radio, television and internet-based media.
- h. Childcare services – Providing childcare services while caregivers are studying.
- i. Clubs and societies – Supporting student clubs and societies, including through the provision of administrative support and facilities for clubs and societies.
- j. Sports, recreation and cultural activities – Providing sports, recreation and cultural activities for students.

APPENDIX 1: CALCULATION OF FUNDING

Table 1: Delivery Classification

#01	Agriculture; Horticulture
#02	Architecture; Quantity Surveying
#03	Arts; Advanced Studies for Teachers; Health Therapies; Humanities; Languages; Social Sciences
#03.1	Osteopathy; Acupuncture
#04	Business; Accountancy; Office Systems/Secretarial; Management
#05.2	General Education
#06	Computer Science
#11	Engineering; Technology
#11.1	Priority Engineering
#11.2	Pilot Training
#12	Fine Arts; Design
#13	Health Sciences (excluding classifications #07, #15, and #17)
#14	Law
#16	Music and Performing Arts
#17	Health Related Professions
#18	Science
#22	Trades
#38	Foreign-Going Nautical
#42	Mātauranga Māori and Te Reo Māori

Delivery to which this funding mechanism relates that has a delivery classification code that is not included in the table above must be mapped by the TEC to the most appropriate delivery classification code within the above table based on the contents of the programme, micro-credential and/or component parts.

Table 2: Funding categories: alphabetic code

UFS subject category	Delivery classification guide numbers and subject areas
F1 Humanities, Business and Social Service Vocations	#03: Arts; Advanced Studies for Teachers; Health Therapies; Humanities; Languages; Social Sciences. #04: Business; Accountancy; Office Systems/Secretarial; Management. #5.2: General Education (unclassified) #14: Law
F2 Trades, Creative Arts, Information Technology and Health-related Professions	#02: Architecture; Quantity Surveying #06: Computer Science #12: Fine Arts; Design #16: Music and Performing Arts #17: Health Related Professions #22: Trades
F3 Agriculture, Engineering, Health Sciences and Science	#01: Agriculture and Horticulture #3.1: Osteopathy, Acupuncture #11: Engineering, Technology #13: Health Sciences #18: Science
F4 Pilot Training and Priority Engineering	#11.1: Priority Engineering (leading to qualifications at L5 or above) #11.2: Pilot Training
F5 Foreign-going Nautical and Specialist Agriculture	#01: Agriculture and Horticulture (specialist / higher-level provision at level 5 and above) #38: Foreign-Going Nautical
F6 Mātauranga Māori and Te Reo Māori	#42: Mātauranga Māori and Te Reo Māori

Table 3: Funding categories: modes of delivery

Mode	Description
Provider-based*	Learners study mainly in a campus setting with supported self-directed learning. Providers are responsible for learners' health and wellbeing support.
Provider-based: extramural	Learners study mainly away from a campus setting but not in the workplace. Learners undertake supported self-directed learning and the provider is responsible for the learners' health and wellbeing support.
Work-based	Learners study mainly in the workplace with supported self-directed learning. Learners are supported in their training by both the provider and employer. Providers are responsible for learners' health and wellbeing support in conjunction with the employer.
Work-based: pathway to work	Learners have completed some study in the provider-based mode. Providers assist learners to find jobs with training agreements and support them to establish their learning in the workplace. All other work-based responsibilities are the same as the work-based mode. This rate will be limited to the transition period between study and work.
Assessment and verification:	Learners receive training in the workplace. The employer has created or purchased a programme of study leading to a qualification and delivers this. Providers work with employers to map the programme to the appropriate New Zealand qualification. Providers are responsible for the assessment of the learning.
* The funding category for all delivery to learners residing in a Correctional facility is in the 'provider-based' mode of delivery	

Table 4: The funding rates

Funding categories	Mode of delivery / \$ per EFTS				
	Provider-based*	Provider-based: extramural	Work-based	Work-based: pathway to work	Assessment and verification
Humanities, Business and Social Service Vocations (F1)	\$5,853	\$5,125	\$5,526	\$6,733	\$1,618
Trades, Creative Arts, Information Technology and Health-related Professions (F2)	\$9,306	\$5,125	\$7,634	\$9,495	\$1,618
Agriculture, Engineering, Health Sciences and Science (F3)	\$10,477	\$5,125	\$8,335	\$10,432	\$1,618
Pilot Training and Priority Engineering (F4)	\$12,818	\$5,125	\$9,740	\$12,305	\$1,618
Foreign-going Nautical and specialist Agriculture (F5)	\$17,559	\$5,125	\$12,585	\$16,097	N/A
Mātauranga Māori and Te Reo Māori (F6)	\$7,376	\$7,376	\$7,376	\$7,376	\$1,679
* The funding category for all delivery to learners residing in a Correctional facility is in the 'provider-based' mode of delivery					

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: Delivery at Level 7 (degree) and above on the New Zealand Qualifications and Credentials Framework

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for delivery at Level 7 (degree) and above on the New Zealand Qualifications and Credentials Framework (NZQCF).

The new determination is set out in the appendix to this letter. The determination covers the funding of provision delivered from 1 January 2024.

Under section 422 of the Act, it is the Tertiary Education Commission's (TEC) responsibility to develop the details needed to implement my determinations of the design of funding mechanisms. Your continued focus on tertiary education organisations' Learner Success initiatives will be important in supporting the success of these funds.

Yours sincerely,

Hon Jan Tinetti
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: DELIVERY AT LEVEL 7 (DEGREE) AND ABOVE ON THE NEW ZEALAND QUALIFICATION AND CREDENTIALS FRAMEWORK

PRELIMINARY PROVISIONS

Statutory authority

1. This determination of the design of a funding mechanism is made under section 419 of the Education and Training Act 2020 (the Act) and specifies the design of the funding mechanism for delivery at Levels 7 (degree) and above on the New Zealand Qualifications and Credentials Framework (NZQCF) (DQ7+).

Purpose

2. This funding contributes towards the provision of teaching and learning services for enrolled learners at tertiary education organisations (TEOs).

On-plan funding

3. The Tertiary Education Commission (TEC) must pay funding allocated under this funding mechanism in accordance with section 425 of the Act.

PART ONE: THE FUNDING MECHANISM

General parameters

Effective period dates

4. This funding mechanism is to fund provision from 1 January 2024.
5. The TEC may exercise any of its administrative functions before 1 January 2024 as required to give effect to this funding mechanism.

Available funding

6. The amount of Government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

Flexible funding

7. The TEC must establish criteria, based on minimum thresholds for organisational and educational performance, for determining under which circumstances a TEO qualifies for the additional funding described in paragraph 10 (a "qualifying TEO").
8. However, a TEO is not a qualifying TEO unless it is funded by the TEC to deliver 20 or more equivalent full-time students (EFTS).
9. The TEC must allocate additional funding, over and above that approved through investment plans, to qualifying TEOs in the following circumstances:

- a. if the TEO is a:
 - i. tertiary education institution (TEI), namely
 - a. a university;
 - b. Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga);
 - c. a wānanga; or
 - ii. registered private training establishment (PTE); and
 - b. the value of provision actually delivered by the TEO, as measured in dollars, is greater than the value of its approved funding allocation.
10. If a qualifying TEO meets the criteria specified in paragraph 9, the TEC must pay the TEO up to the following limits, either:
- a. 2% of the qualifying TEO's approved funding allocation; or
 - b. 10 EFTS,
- whichever is greater.
11. The TEC may establish criteria to allocate funding above the additional funding limits specified in paragraph 10, provided the TEC has assessed whether the funding available is sufficient for the TEC to provide funding above these limits.

TEC administrative responsibility in the case of under-funding

12. If a TEO receives funding under this funding mechanism that is less than it should have been, or than what it was entitled to receive, the TEC must treat the amount of the under-funding as a credit and pay the amount of the under-funding as soon as reasonably practicable.

Funding formula and rate(s)

13. The TEC allocates funding under this funding mechanism for the relevant programmes and activities at Level 7 (degree) and above on the NZQCF that are specified in a TEO's proposed investment plan.
14. For the purposes of calculating the value of a TEO's approved funding under this mechanism, the TEC must use a metric comprising:
- a. the number of valid domestic student enrolments, measured in EFTS; and
 - b. the programmess, and their component courses or micro-credentials, in which learners are enrolled, and the assigned course classifications, funding categories, and funding rates of those programmes and component courses or micro-credentials.

Valid domestic enrolments

15. For the purpose of this funding mechanism, the term “valid domestic enrolment” refers to the enrolment of a learner who is:
 - a. a domestic student as defined in section 10(1) of the Act; or
 - b. an Australian citizen or Australian permanent resident currently residing in New Zealand; and
 - c. either:
 - i. aged 16 years and over; or
 - ii. aged under 16 years and meets the criteria determined by the TEC; and
 - d. studying in New Zealand, unless the learner meets the criteria in paragraph 18; and
 - e. has paid or committed to pay their fees (if fees apply).
16. The TEC must establish criteria for determining under which circumstances a learner can be considered to be a valid domestic enrolment, where the learner:
 - a. is aged under 16 years; or
 - b. has not paid their fees (if fees apply).
17. The TEC must establish the requirements that TEOs must comply with to verify each learner’s identity, and confirm that a learner is a valid domestic enrolment.

Eligibility for learners studying outside of New Zealand

18. A learner studying outside of New Zealand is a valid domestic enrolment only if:
 - a. the learner is:
 - i. a domestic student as defined by section 10(1) of the Act;
 - ii. enrolled in a course(s) leading to the award of a recognised programme or micro-credential offered by a New Zealand TEO; and
 - b. if they are studying at an overseas campus or delivery site (irrespective of whether they are enrolled at the TEO’s New Zealand campus or overseas campus), the learner meets the following criteria:
 - i. enrolled at a New Zealand TEO in a programme leading to the award of a qualification or micro-credential at Level 7 (degree) or above on the NZQCF;
 - ii. the study outside New Zealand is full-time and face-to-face (i.e. not an extramural enrolment) in an approved country identified on the Education New Zealand website; and
 - iii. is undertaking part (but not all) of the programme outside New Zealand.

Inducements

19. Even if a learner meets the criteria specified in paragraph 15, the enrolment is not a valid domestic enrolment for the purposes of this funding mechanism if it has been secured by way of an inducement.
20. An inducement may include a financial incentive or ongoing personal possession of physical items where they induce a learner to enrol.
21. The TEC must establish criteria for determining what constitutes an inducement.

The metric

Measurement of enrolments

22. The TEC must measure valid domestic enrolments in units of EFTS. One (1.0) EFTS unit is defined as 120 credits of full-time study over a single academic or calendar year.
23. A TEO will determine the EFTS value of each of its programmes or micro-credentials and the course EFTS factor of its components in accordance with criteria published by the TEC.
24. The TEC must validate the TEO's assignment of EFTS value of each programme or micro-credential and the course EFTS factor of its components.

Delivery classification

25. A TEO must assign each of its courses from an eligible programme or micro-credential to a classification listed in Table 1, "Delivery Classification", of Appendix 1. The content of the course (rather than its name) must determine the assignment.
26. The TEC must validate each TEO's assignment of its courses to the appropriate course delivery classification.

Funding categories

27. The TEC must assign each delivery classification to a funding category in accordance with Tables 2 and 3 of Appendix 1. Each category must have:
 - a. an alphabetic code, which applies to groups of courses according to their delivery classifications, in accordance with Table 2 "Funding categories: alphabetic code" of Appendix 1; and
 - b. a numeric code that reflects the level of study, in accordance with Table 3 "Funding categories: numeric code" of Appendix 1.
28. The TEO must select the correct funding category for each of its courses using the Funding Categories listed in Tables 2 and 3 of Appendix 1.
29. The TEC must validate the TEO's assignment of delivery classification to a funding category in accordance with Tables 2 and 3 of Appendix 1.

Funding rates

30. The TEC must apply the per-EFTS funding rates for TEOs, as set out in Table 4, “Funding rates” of Appendix 1.

TEO eligibility

31. The TEC may only fund a TEO under this funding mechanism if the TEO is one of the following:
- a. a TEI, as defined in paragraph 9; or
 - b. a registered PTE.

TEO quality assurance

32. To be eligible for funding under this funding mechanism, a TEO must be quality assured as follows:
- a. if the TEO is a wānanga, Te Pūkenga, or a registered PTE, the TEO must be quality assured by NZQA; or
 - b. if the TEO is a university, the TEO must be quality assured by the New Zealand Vice-Chancellors’ Committee (Universities NZ).

Eligibility of learners

33. The TEC must ensure that the funding paid to a TEO under this funding mechanism for programmes or micro-credentials is only used for valid domestic student enrolments, as defined in paragraphs 15 to 18.

Eligible programmes and micro-credentials

General matters

34. The TEC must ensure that the funding paid to a TEO under this funding mechanism, is only used for a course that:
- a. is part of a programme that:
 - i. leads to the award of a qualification at Level 7 (degree) to 10 on the NZQCF; and
 - ii. has been quality assured by either NZQA or Universities NZ (where appropriate); or
 - b. is part of a micro-credential that has been quality assured by either NZQA or Universities NZ (as appropriate); or
 - c. is part of a certificate of proficiency at Level 5 or above on the NZQCF.
35. The TEC must publish criteria for determining whether a micro-credential has been quality assured by either NZQA or Universities NZ.

36. The TEC may restrict the funding of micro-credentials, including certificates of proficiency, by developing criteria for their eligibility for funding under this mechanism.

Specific matters

Health-related professional programmes or micro-credentials

37. The TEC may allow funding paid to a TEO under this funding mechanism to be used for a programme leading to the award of a post-entry health-related professional qualification or micro-credential that:
- a. is of an academic or research nature; and
 - b. has a clinical component of 30% or less within the total programme or micro-credential.
38. The TEC must ensure that funding paid to a TEO under this funding mechanism is not used for courses that are part of a programme leading to the award of a post-entry health-related professional qualification or micro-credential that has:
- a. a clinical component of more than 30% within the total programme or micro-credential; and
 - b. either:
 - i. a requirement for clinical education and training; or
 - ii. an emphasis on specialist clinical professional skills.

Health and safety and regulatory compliance learning

39. The TEC must ensure that funding paid to a TEO under this funding mechanism is not used for a programme or micro-credential where the TEC considers on reasonable grounds that a majority of the programme or micro-credential relates to health and safety or regulatory compliance learning that would displace the responsibility of employers to provide training necessary to mitigate health and safety risk or meet their regulatory compliance obligations.

Cap on high-cost provision

40. The TEC must ensure that funding paid under this funding mechanism is not used for specified high-cost provision across all sub-sectors above the following EFTS defined level:
- a. aviation (programmes that include an in-flight training component): 450 EFTS;¹
 - b. dentistry (intermediate) year 1 intake: 60 EFTS;
 - c. medical undergraduate year 1 intake: 589 EFTS;
 - d. veterinary science year 1 intake: 125 EFTS.

¹ This 450 EFTS cap includes provider-based delivery funded through the *Non-degree delivery at Levels 3-7 on the New Zealand Qualification and Credential Framework and all industry training* funding mechanism.

41. The TEC must ensure that 10 EFTS of the dentistry (intermediate) year 1 intake are used for learners of rural origin, as defined by the TEC.
42. The TEC must ensure that funding paid to a TEO under this funding mechanism does not exceed a maximum EFTS value of 4 EFTS per learner for doctoral study at level 10 on the NZQCF.

PART TWO: FUNDING CONDITIONS

43. The TEC must impose the following specific conditions on funding provided to each TEO under this funding mechanism.

TEOs

44. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must meet, and for the length of the funding period continue to meet, all of the eligibility criteria specified in paragraphs 31 and 32 of this funding mechanism.
45. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
 - a. not subcontract any of the funded activities without the prior written consent of the TEC and without the prior written approval by NZQA where the TEO is quality assured by NZQA;
 - b. comply with any conditions imposed by the TEC on an approval to subcontract;
 - c. ensure that a subcontracted party does not further subcontract any functions; and
 - d. remain accountable for the use of the funding.

Learners and enrolments

46. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each eligible learner meets and continues to meet the criteria specified in paragraph 33 of this funding mechanism.
47. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must not:
 - a. restrict enrolment in programmes and micro-credentials funded under this funding mechanism on the basis of private advantage (for example, enrolment being restricted to the TEO's employees only); or
 - b. secure or seek to secure a valid domestic enrolment through offering of an inducement, as specified in paragraphs 19 to 21.
48. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must verify a learner's identity, and confirm and obtain evidence that a learner is a valid domestic enrolment, as defined in paragraph 18, in accordance with the requirements developed by the TEC.

Reporting withdrawals to Ministry of Social Development

49. The TEC must attach to funding a condition that a TEO that receives funding under this mechanism must report the withdrawal of learners to the Ministry of Social Development within five working days of each withdrawal. This is to enable student loans and student allowances to be cancelled as soon as possible.

Refunding fees for Withdrawals

50. General refund provisions under section 357 of the Act relating to domestic students enrolled in PTEs apply.
51. The TEC must attach to funding a condition that, if fees are to be refunded to a learner on the basis that the learner withdrew on or before the withdrawal date, the TEI must, as soon as reasonably practicable, pay the refund:
 - a. to the Ministry of Social Development, if the learner paid the fees using the Student Loan Scheme; or
 - b. directly to the learner.

Programmes and micro-credentials

52. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a course in which an eligible learner is enrolled meets and continues to meet the criteria specified in paragraph 34 of this funding mechanism.
53. The TEC must attach to funding a condition that a TEO must not use funding paid under this funding mechanism to fund a programme or micro-credential where a majority of the programme or micro-credential relates to health and safety or regulatory compliance.
54. The TEC may attach to funding a condition that a TEO must comply with any requirements set by the TEC on the funding of micro-credentials and certificates of proficiency.

High-cost provision

55. If the TEC allocates funding to a TEO for high-cost provision, the TEC must attach the following condition or conditions to funding:

All high-cost provision

56. A TEO must not use funding provided under this funding mechanism to fund high-cost provision, as specified in paragraph 40, above the volume of EFTS for that provision at the TEO that the TEC has agreed to fund.

Aviation

57. A TEO that is allocated EFTS for aviation provision that includes an in-flight training component (pilot training) must supply the Ministry of Social Development with the correct learner enrolment information, through the Verification of Study system, that ensures that:
 - a. annual student loan fee borrowing for any pilot training learner does not exceed:

- i. if the learner is not eligible for Fees Free Tertiary Education, \$35,000 per EFTS, as set out in paragraphs 63 and 64 and in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education that is issued under section 409(1)(j) of the Act; or
- ii. if the learner is eligible for Fees Free Tertiary Education, \$35,000 per EFTS, less the amount payable to a TEO by the TEC on behalf of the learner for fees in accordance with criteria set out in paragraphs 63 and 64 and in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education that is issued under section 409(1)(j) of the Act; and
- b. where a pilot training learner is studying part-time, annual student loan fee borrowing does not exceed the proportion of \$35,000 that is represented by the proportion of an EFTS course load that is being undertaken by the learner, less any fees payment made by the TEC on behalf of the learner (as set out in paragraphs 63 and 64 and in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education). For example, if a learner is studying 0.4 EFTS units in the year, the student loan borrowing limit will be \$14,000. For those eligible for the Fees Free Tertiary Education payment, the student loan borrowing limit for 0.4 EFTS units in the year would be \$14,000, less the amount payable to a TEO by TEC on behalf of the learner for fees.

Dentistry (intermediate) year 1 intake

58. A TEO that is allocated EFTS for the dentistry (intermediate) year 1 intake for learners of rural origin must only use the funding in respect of learners who are of rural origin.

Fees and associated course costs

59. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
- a. must pay for the necessary equipment, infrastructure and hardware required to deliver a particular course, programme or micro-credential²; and
 - b. in relation to the provision of essential equipment, including computers, diving hardware, and chainsaws, must not:
 - i. include the costs in any fees, compulsory course costs, or student services fees, charged to learners; or
 - ii. require the costs to be met through the “course-related costs” component of the Student Loan Scheme, as a condition of enrolment for learners; and
 - c. must not meet the costs of overseas travel for learners through the use of funding obtained under this funding mechanism or via the Student Loan Scheme, unless the overseas travel is academically essential.

² The phrase “equipment, infrastructure and hardware” refers to those items that can be used by successive intakes of learners. It does not include personal items which are provided for individual learner use and which the TEO does not retain for the next intake of learners.

60. For the purposes of paragraph 59(c) above, the TEC must develop guidelines determining when overseas travel is academically essential.
61. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must comply with the Fee Regulation Settings, as specified in Part Three of this funding mechanism.
62. Any limits on fees for further years will be determined by way of a variation to the funding mechanism.

Fees Free Tertiary Education

63. The TEC must attach to funding a condition that a TEO must not charge an eligible learner an amount in respect of fees (as defined by any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education and issued under section 409(1)(j) of the Act) otherwise payable by the learner if the TEC has advised the TEO that the TEC will:
 - a. if the TEO is a TEI, pay that amount to the TEO in respect of fees on behalf of the learner; or
 - b. if the TEO is a PTE, compensate the PTE for that amount in respect of fees forgone as a result of the condition required to be imposed under this paragraph.
64. For the purposes of the condition that the TEC must impose under paragraph 63, the TEC must determine each amount payable to a TEO by the TEC in accordance with criteria set out in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education and issued under section 409(1)(j) of the Act.
65. The TEC must attach to the funding a condition that each TEO must work collaboratively with the TEC to give effect to the Fees Free Tertiary Education initiative. In particular, the TEC must require each TEO to provide information, to enable the TEC to understand the EFTS consumption of eligible learners, and in relation to fees.
66. Any fees in excess of the amount payable by the TEC under paragraphs 63 and 64 may be charged by the TEO to the learner.

TEO responsibilities

67. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
 - a. accurately assign each of its courses from an eligible programme or micro-credential a course EFTS factor;
 - b. accurately assign each of its courses to a delivery classification listed in Table 1, "Delivery Classification" of Appendix 1 of this funding mechanism;
 - c. accurately assign each of its courses a funding category listed in Table 2 and Table 3 of Appendix 1 of this funding mechanism; and
 - d. meet minimum performance standards specified by the TEC.

No other funding

68. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
- a. not (without the TEC's prior written consent) seek or obtain funding from any Crown source other than the TEC to fund a programme or micro-credential which is funded under this funding mechanism; and
 - b. notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of sub-paragraph (a) of this condition.

Responsible use of funding

69. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must use the funding:
- a. lawfully, responsibly, and for the purposes for which it is provided; and
 - b. in a manner consistent with the appropriate use of public funds.

Recovery of funding

70. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
- a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
71. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.
72. For the purposes of this condition, a TEO will have received funding that was "greater than it should have been" if the total dollar value of the provision funded under this funding mechanism that is delivered by a TEO within a funding year is less than 99% of the total dollar value for the provision paid to the TEO under this funding mechanism.
73. In that situation, the percentage of funding that is repayable is equal to the difference between the bottom of the tolerance band (99%) and the percentage value of the provision that was delivered.

Over-delivery

74. The TEC must attach to funding a condition that a TEO cannot deliver provision above 105% of their approved allocation without prior written approval from the TEC.

Repayment of funding following revocation of funding approval

75. The TEC must attach to funding a condition that if, in accordance with clause 16 of Schedule 18 of the Act, the TEC suspends or revokes some or all of a TEO's funding paid under this funding mechanism before that funding has been used or contractually

committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown that:

- a. is repayable on demand; and
- b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

Disclosure of data from Statistics New Zealand's Integrated Data Infrastructure

76. The TEC must attach to funding a condition that a TEO consents, for the purposes of section 37A(a) of the Statistics Act 1975, to Statistics New Zealand disclosing information to the Ministry of Education and the TEC from its Integrated Data Infrastructure that identifies, or may identify, the TEO.
77. The TEC must inform TEOs that the Statistics Act 1975 does not constrain the ongoing use or sharing of the TEO-level data once it is disclosed.

Benchmarking

78. The TEC must attach to funding a condition that a TEI must participate as appropriate in benchmarking, including:
 - a. providing the TEC, or any vendor contracted by the TEC for benchmarking purposes, with financial and performance information as requested, in a timely manner;
 - b. engaging with follow-up questions and related quality assurance processes, in a timely manner; and
 - c. contributing to the cost of any vendor contracted by the TEC, at a rate determined by the TEC.

PART THREE: FEE REGULATION SETTINGS

79. The conditions in Part Three of the funding mechanism apply to fees charged by TEOs for the relevant programmes, micro-credentials, activities and/or component parts that are funded under this funding mechanism. These conditions also apply to student services fees charged to domestic students that are funded under this funding mechanism, where specified.
80. The fees charged by a TEO are subject to these conditions if the TEO is the sole source of the item to which the fee relates.

Definitions

81. In Part Three of this funding mechanism, unless the context otherwise requires:
 - a. **Course** means part of a programme that leads to the award of a qualification on the NZQCF, including a certificate, diploma, degree, or postgraduate qualification. This includes a course that is part of a programme where the student is not enrolled in the programme (for example, where a student is only enrolled in one or more courses but not intending to complete the entire programme);

- b. **Micro-credential** means study or training that leads to an award but does not, of itself, lead to an award of a qualification listed on the NZQCF;
- c. **Programme** means programme of study or training leading to the award of a qualification listed on the NZQCF;
- d. **Fees** means:
 - i. tuition fees;
 - ii. compulsory course costs that are charged to all students enrolled in a course, which includes (but are not limited to) the following: any compulsory costs associated with enrolment, examinations (including reporting of credits to NZQA), field trips, and any compulsory purchase of equipment or books through the TEO; and
 - iii. excludes any administrative fees or charges (other than tuition fees or compulsory course costs) for additional services that are payable as a result of the specific circumstances of a student, which includes (but are not limited to) the following: reassessment or remarking of examination results, examination relocation fees, fees associated with recognition of prior learning, or fees associated with an application for selected entry programmes; and
 - iv. excludes student services fees;
- e. **Student services fees** means fees for the provision of student services that are provided by the TEOs or by another person or body on behalf of the TEO. These fees were previously known as compulsory student services fees (CSSFs); and
- f. **TEO** means tertiary education organisation as defined in section 10 of the Act.

The Annual Maximum Fee Movement

- 82. The Annual Maximum Fee Movement (AMFM) sets the maximum percentage that TEOs may increase their fees by each year for domestic students for all programmes and their component courses that are funded under this funding mechanism.
- 83. The AMFM for 2024 is set at 2.8 percent. This permits a 2.8 percent increase on the fees (GST exclusive) charged in 2023 to domestic students for all courses that are funded under this funding mechanism.
- 84. The AMFM applies to any new courses established by a TEO in substitution for an existing course dealing with the same or similar subject matter, at a same or similar level on the NZQCF, for which funding provided under this funding mechanism can be used, except where the provisions in paragraph 85 below apply.
- 85. For courses delivered by Te Pūkenga that are part of Te Pūkenga's process to unify similar programmes, and where Te Pūkenga delivers this course across its network, the fees for those courses are not subject to the AMFM limits, but are subject to the fee setting limits for new courses outlined below in paragraphs 93 to 98.
- 86. If a TEO reduces fees for a course across one or more calendar years, the TEO can then return to the previous fee (from before the reduction was applied), in addition to

applying the AMFM rates for the period from which the fees were reduced. This paragraph does not apply where fee reductions were in place prior to 2024.

Exceptions to the Annual Maximum Fee Movement

87. A TEO may apply to the TEC for an exception from the 2024 AMFM on the basis of exceptional circumstances. Any exception granted will not exceed an additional 2.8 percent increase over and above the permitted 2.8 percent increase.
88. In considering exceptional circumstances, the TEC must only have regard to the following criteria:
 - a. the TEO can demonstrate that it is financially unsustainable to deliver the course, in terms of the cost of delivering the course and taking into account the total income that the course would generate (including government funding and tuition fees), and that there are no satisfactory alternatives to limit costs;
 - b. the existing fees for the course are no more than the 75th percentile of the range of fees charged for similar courses; and
 - c. any two of the following three criteria:
 - i. where the course is part of a programme at Level 7 (degree) and above on the NZQCF that has been delivered previously, the programme has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF level in the previous year;
 - ii. the TEO can demonstrate that the course is in some way unique or special, for example, that there are no available local alternatives; and
 - iii. not allowing an exception will prevent the TEO from making a significant contribution to the achievement of one or more of the Government's priorities, as set out in the current Tertiary Education Strategy.
89. For the purpose of paragraph 88(b), the TEC must specify how similar courses will be determined.
90. If a TEO is applying for an exception for multiple courses, each course must individually meet the exception criteria specified in paragraph 88.
91. There is a limit to the number of courses for which a TEO can request an exception each year, depending on the number of EFTS enrolled at the TEO. For a TEO with less than 1,000 EFTS, the limit is 4 courses. For a TEO with between 1,000 and 5,000 EFTS, the limit is 8 courses. For a TEO with between 5,000 and 10,000 EFTS, the limit is 12 courses. For a TEO with more than 10,000 EFTS, the limit increases by 4 courses per increment of 10,000 EFTS.

Low or Zero Fee Courses

92. If the fee for a course funded under this funding mechanism is less than \$511.11 (GST inclusive) (or \$444.44 (GST exclusive)) per EFTS in 2023, then for 2024, the TEO may increase the fee to up to \$511.11 (GST inclusive) (or \$444.44 (GST exclusive)) per EFTS, or can increase the fee by 2.8 percent, whichever is the greater.

Fee-setting Limits for New Courses

93. The fee for a new course established by a TEO and funded under this funding mechanism must be no more than the 75th percentile from the range of fees charged for similar courses. The TEC must specify how similar courses will be determined.
94. The above fee setting limits apply to any new courses funded under this funding mechanism, except where the course is in substitution for an existing course dealing with the same or similar subject matter, at a same or similar level on the NZQCF. Substitute courses are subject to the AMFM.

Exceptions to Fee-setting Limits for New Courses

95. A TEO may apply for an exception from the fee setting limits for new courses on the basis of exceptional circumstances.
96. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:
 - a. the course would not be financially viable without a higher fee;
 - b. where the course is part of a programme at Level 7 (degree) and above on the NZQCF that has been delivered previously, the programme has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF level in the previous year;
 - c. the TEO can demonstrate that the course is in some way unique or special, for example, there are no or very few similar courses to compare fees with; and
 - d. the course is aligned to the Government's priorities as set out in the Tertiary Education Strategy.
97. The TEC must only grant an exception if it is satisfied that the TEO meets all of the above criteria.
98. The TEC will have discretion to determine the level at which a TEO can set fees for any new courses that have been granted an exception.

Fee-capping Limits for Micro-credentials

99. The fees for a micro-credential must be no more than \$64 (GST inclusive) per credit. This fee cap does not apply to component courses that also lead to the award of a qualification and are funded through this funding mechanism.
100. Where a micro-credential is wholly or partly comprised of courses that also lead to the award of a qualification and are funded through this funding mechanism, the fees for those courses must be equal to, or less than, the maximum fee permitted for the course under the AMFM and fee setting limits for new courses. The fees for the components that are not also part of a programme must be no more than \$64 (GST inclusive) per credit.

Exceptions to Fee-capping Limits for Micro-credentials

101. A TEO may apply to the TEC for an exception from the fee capping limits for a micro-credential (or components of a micro-credential that are not made up of existing courses subject to the AMFM) on the basis of exceptional circumstances.
102. Where a course in a micro-credential is also a course in a programme, it is subject to the AMFM and the relevant exception criteria outlined in paragraphs 82 to 91.
103. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:
 - a. the TEO can demonstrate that the fee cap makes it financially unsustainable to offer the micro-credential, in terms of the costs of delivering the micro-credential and taking into account the total income that the micro-credential would generate (including government funding and fees), and that there are no satisfactory alternatives to limit costs; and
 - b. the TEO can provide evidence that there is strong support from industry and/or employers to deliver the micro-credential and that the micro-credential clearly meets industry and/or employer needs.
104. The TEC must only grant an exception if it is satisfied that the micro-credential meets both of the above criteria.
105. The TEC will have discretion to determine the level at which a TEO can set fees for any micro-credential granted an exception.

Student services fees

106. All TEOs that charge student services fees to domestic students who are funded through this funding mechanism must comply with the requirements set out paragraphs 108 to 114.
107. The objective of the requirements on TEOs that charge fees for the provision of student services is to ensure:
 - a. accountability to students in the use of fees for student services;
 - b. involvement of students in decisions in the charging and use of fees for student services; and
 - c. fair arrangements for students in different tertiary education settings (for example, work-based students or students in fees-free foundation education programmes).

Requirements when setting student services fees

108. **Decision-making:** TEOs must establish and demonstrate adequate arrangements for decisions to be made jointly or in consultation with the students enrolled at the TEO, or their representatives, on the following matters:
 - a. the maximum amount that students will be charged for student services;
 - b. the types of services to be delivered (within the permitted categories set out below);

- c. the procurement of those services; and
 - d. the method for authorising expenditure on those services.
109. **Consultation requirements:** If a TEO chooses to make decisions about student services fees in consultation with students enrolled at the TEO or their representatives, instead of undertaking a joint decision-making process, the TEO is required to ensure that:
- a. the outcome of the consultation is not predetermined;
 - b. proposals are clearly communicated and publicised;
 - c. there is sufficient time for students to consider proposals and provide feedback; and
 - d. due consideration is given to student feedback.
110. **Accounting for the use of student services fees:** TEOs must either hold all student services fees in a separate bank account or ensure that all income and expenditure associated with the provision of such services is separately accounted for in the TEO's accounting system.
111. **Reporting on student services fees:** Institutions must provide information on all student services fees through their annual report, and registered PTEs must provide information on all student services fees through a written report to students. Institutions and registered PTEs must include the following information in their annual report or written report to students:
- a. a description of the services funded out of the student services fee;
 - b. a statement of the fee income and expenditure for each type of student service;
 - c. the student services fee amount charged per EFTS or academic year (or however it is calculated); and
 - d. a statement describing how the provider is complying with the accounting requirements specified above in paragraph 110.
112. **Private training establishment's written reports to students:** Registered PTEs charging student services fees must provide to the TEC a copy of the report that is provided to students. A copy of the report must be sent to:
- Requirements for Student Services Fees Submissions
Monitoring and Crown Ownership
The Tertiary Education Commission
PO Box 27048
Wellington 6141
Email: ssf@tec.govt.nz
113. **Publishing information online:** TEOs charging student services fees must, as soon as reasonably practicable each year, publish the following information on their website:
- a. a description of the services funded out of the student services fee;

- b. a statement of the fee income and expenditure for each type of student service;
- c. the student services fee amount charged per EFTS or academic year (or however it is calculated);
- d. a description of the current year's student services fee decision-making process, what decisions were consulted on, how consultation with learners occurred, a summary of student feedback, what the decisions were, and the extent to which student feedback was incorporated into those decisions; and
- e. a description of how students can be involved in student services fee decisions for the following year – i.e. how TEOs propose to consult with their students and what issues might be considered.

114. **Categories of student services:** TEOs may charge student services fees to support the delivery of the following categories of services:

- a. *Advocacy and legal advice* – Advocating on behalf of individual students and groups of students, and providing independent support to resolve problems. This includes advocacy and legal advice relating to accommodation.
- b. *Careers information, advice and guidance* – Supporting students' transition into post-study employment.
- c. *Counselling services* – Providing non-academic counselling and pastoral care, such as chaplains.
- d. *Employment information* – Providing information about employment opportunities for students while they are studying.
- e. *Financial support and advice* – Providing hardship assistance and advice to students on financial issues.
- f. *Health services* – Providing health care and related welfare services.
- g. *Media* – Supporting the production and dissemination of information by students to students, including through newspapers, radio, television and internet-based media.
- h. *Childcare services* – Providing childcare services while caregivers are studying.
- i. *Clubs and societies* – Supporting student clubs and societies, including through the provision of administrative support and facilities for clubs and societies.
- j. *Sports, recreation and cultural activities* – Providing sports, recreation and cultural activities for students.

APPENDIX 1: CALCULATION OF FUNDING

Table 1: Delivery Classification

#01	Agriculture; Horticulture
#02	Architecture; Quantity Surveying
#03	Arts; Advanced Studies for Teachers; Health Therapies; Humanities; Languages; Social Sciences
#03.1	Osteopathy; Acupuncture
#04	Business; Accountancy; Office Systems/Secretarial; Management
#05.2	General Education
#06	Computer Science
#07	Dentistry
#11	Engineering; Technology
#11.1	Priority Engineering
#11.2	Pilot Training
#12	Fine Arts; Design
#13	Health Sciences (excluding classifications #07, #15, and #17)
#13.1	Optometry
#14	Law
#15	Medicine (excluding intermediate/first year)
#16	Music and Performing Arts
#17	Health Related Professions
#17.3	Dental Therapy
#18	Science
#19.1	Teaching: Early Childhood Education
#19.2	Teaching: Primary
#20	Teaching: Secondary and Specialist
#23	Veterinary
#23.3	Veterinary Science Undergraduate (Years 3, 4 & 5)
#24	Nursing
#25	Medical Imaging
#27	Midwifery (Undergraduate)
#28	Occupational Therapy
#29	Physiotherapy
#30	Medical Radiation Therapy
#31	Pharmacy Professionals
#32	Speech Language Therapy
#33	Medical Laboratory Science
#34	Clinical Psychology
#35	Audiology
#36	Dietetics
#37	Medicine Undergraduate (Years 4, 5 & 6)
#38	Foreign-Going Nautical
#39	Specialist Large Animal Science
#42	Mātauranga Māori and Te Reo Māori

Table 2: Funding categories: alphabetic code

Category (alphabetic)	Relevant discipline and course classification
A	Arts; Advanced Studies for Teachers; Health Therapies; Humanities; Languages; Social Sciences [#03], General Education [#5.2]
B	Architecture; Quantity Surveying (non-degree) [#02], Computer Science [#06], Fine Arts [#12], Design [#12], Music and Performing Arts [#16], Health Related Professions [#17], Medical Imaging [#25], Occupational Therapy [#28]
C	Architecture; Quantity Surveying (degree) [#02], Engineering; Technology [#11], Health Sciences [#13], Midwifery (Undergraduate) [#27], Physiotherapy [#29], Speech Language Therapy [#32], Medical Laboratory Science [#33], Audiology [#35]
G	Dentistry (postgraduate only) [#7], Medicine (postgraduate only) [#15]
H	Agriculture; Horticulture (degree and diploma/certificate in specialised Agriculture and Horticulture) [#01], Specialist Large Animal Science [#39]
I	Teaching [#19.1, #19.2, #20]
J	Business; Accountancy; Office Systems/Secretarial Management [#04], Law [#14],
L	Agriculture; Horticulture (non degree) [#01], Osteopathy [#03.1], Acupuncture [#03.1], Nursing [#24],
M	Pilot Training [#11.2], Optometry [#13.1], Dental Therapy [#17.3], Pharmacy Professionals [#31]
N	Priority Engineering [#11.1], Dietetics [#36]
O	Medical Radiation Therapy [#30]
Q	Veterinary [#23], Veterinary Science (years 3–5) [#23.3]
R	Dentistry undergraduate (years 2-5) [#07]
S	Foreign-Going Nautical [#38]
T	Medicine undergraduate (years 2-3) [#15]
U	Medicine undergraduate (years 4–6) [#37]
V	Science [#18], Clinical Psychology [#34]
W	Mātauranga Māori and Te Reo Māori [#42]

Table 3: Funding categories: numeric code

Category (numeric)	Classification by level and content of study
1	Courses designed for non-degree programmes or credentials with no research requirement, including certificates and diplomas
2	Courses designed for undergraduate degree programmes or credentials, including bachelors degrees, graduate certificates and diplomas
3	Courses designed for taught postgraduate programmes or credentials, including postgraduate certificates and diplomas, bachelors degrees with honours, and taught masters papers
4	Research-based postgraduate programmes, including masters' theses/dissertations of 1.0 EFTS or more for masters and doctoral study

Table 4: Funding rates

	1	2	3	4
A	\$7,379	\$7,379	\$9,314	\$9,850
B	\$11,289	\$11,289	\$14,351	\$15,429
C	\$13,572	\$13,572	\$17,250	\$18,564
G			\$31,463	\$31,463
H		\$24,473	\$30,864	\$32,383
I	\$11,732	\$11,732	\$14,712	\$15,248
J	\$7,379	\$7,379	\$9,314	\$9,850
L	\$12,683	\$12,683	\$15,992	\$17,068
M	\$16,154	\$18,407	\$23,111	\$24,612
N	\$15,057	\$15,057	\$18,942	\$20,387
O		\$26,214		
Q		\$36,417	\$36,417	\$36,417
R		\$62,180		
S	\$22,456			
T		\$51,271		
U		\$51,271		
V	\$13,198	\$16,130	\$20,333	\$21,702
W	\$7,656	\$7,656	\$9,663	\$10,219

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: English Language Teaching

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for English Language Teaching (formerly Specialised English for Speakers of Other Languages, or ESOL).

The new determination is set out in the appendix to this letter. The determination covers the funding of English Language Teaching provision delivered from 1 January 2024. The new determination includes a 5.0 percent increase to all funding rates specified in the determination.

Under section 422 of the Act, it is the Tertiary Education Commission's (TEC) responsibility to develop the details needed to implement my determinations of the design of funding mechanisms.

Yours sincerely,

Hon Jan Tinetti
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: ENGLISH LANGUAGE TEACHING

PRELIMINARY PROVISIONS

Statutory authority

1. This funding mechanism for English Language Teaching (formerly known as Specialised English for Speakers of Other Languages, or ESOL) is made under section 419 of the Education and Training Act 2020 (the Act).

Purpose

2. English Language Teaching (ELT) comprises two funds:
 - a. the Intensive Literacy and Numeracy Fund, ELT Fund (ILN ELT Fund); and
 - b. the Intensive Literacy and Numeracy, Refugee English Fund (ILN Refugee English Fund).
3. The general parameters and conditions included in this funding mechanism apply to both funds unless stated otherwise.
4. The purpose of these specialised ELT funds is to:
 - a. increase opportunities for adults to engage in literacy and numeracy learning, particularly migrants and refugees; and
 - b. raise adults' literacy and numeracy skills to help learners progress onto further study and employment.

On-Plan funding

5. The Tertiary Education Commission (TEC) must pay funding for ELT under section 425 of the Act.

PART ONE: THE FUNDING MECHANISM

GENERAL PARAMETERS

Effective period

6. This funding mechanism is to fund ELT provision delivered from 1 January 2024.
7. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before this date.

Available funding

8. The amount of Government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

TEC administrative responsibility in the case of under-funding

9. If a tertiary education organisation (TEO) receives funding under this funding mechanism that is less than it should have been, or than it was entitled to receive, the TEC must pay the amount of the under-funding as soon as is reasonably practicable.

Geographical areas of provision

10. The TEC must prioritise funding allocated under this funding mechanism to TEOs located in common refugee settlement areas.¹

SPECIFIC PARAMETERS

A. THE ILN ELT FUND

Purpose

11. The purpose of the ILN ELT Fund is to fund the intensive provision of ELT learning opportunities within an appropriately structured environment.

Funding rate

12. The TEC must allocate \$21.18 of funding from the ILN ELT Fund to TEOs per hour of ELT tuition that is delivered to the learner.
13. The total hours of ELT tuition delivered per learner by a TEO is generally expected to be between 20 and 500 hours per year, acknowledging some learners have a need for more or fewer hours.
14. ELT tuition must be delivered at the intensity of 5 to 40 hours per week.
15. The TEC must monitor provision funded under the ILN ELT Fund to ensure that it is delivered in accordance with paragraphs 13 and 14. The TEC must use the outcomes of its monitoring of a TEO's performance to inform future allocations through this fund.

TEO eligibility

16. For the purposes of the ILN ELT Fund, an organisation is a TEO if it:
 - a. is one of the following:
 - i. a university;
 - ii. Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga);
 - iii. a wānanga;
 - iv. a private training establishment (PTE);
 - v. a State school or State-integrated school;

¹ Note that West Auckland, South Auckland, Hamilton, Palmerston North, Wellington (City), Lower Hutt, Porirua, Christchurch, Nelson, Dunedin and Invercargill are the main refugee resettlement areas, but the areas have been expanded to support the increase in the number of refugees being resettled in New Zealand. These new areas include: Ashburton, Blenheim, Levin, Masterton, and Timaru.

- vi. a rural education activities programme (REAP) provider; or
 - vii. a community organisation; and
- b. has demonstrated expertise in delivering ELT to adult refugee-background learners and migrants.
17. The TEC must only fund an organisation from the ILN ELT Fund if the organisation (other than a community organisation²) is quality assured as follows:
- a. if the TEO is a wānanga, Te Pūkenga, or a registered PTE (including REAP providers that are registered providers³) the TEO must be quality assured by the New Zealand Qualifications Authority (NZQA);
 - b. if the TEO is a State or State-integrated school, the TEO is quality assured by the Education Review Office; or
 - c. if the TEO is a university, the TEO is quality assured by the New Zealand Vice-Chancellors' Committee (Universities NZ).

Programme eligibility

18. The TEC must only fund a programme from the ILN ELT Fund that:
- a. has English language and literacy outcomes;
 - b. is taught by appropriately qualified and experienced ELT educators; and
 - c. is flexible and tailored to respond to the particular needs of adult learners (for example, provision may be delivered at off-peak times for those in employment).

Learner eligibility

19. The TEC must only fund a TEO from the ILN ELT Fund in respect of a learner who:
- a. is a person for whom English is not their first language;
 - b. is a "domestic student" as defined under section 10(1) of the Act;
 - c. is 16 years of age or over; and
 - d. has low English language and/or literacy skills.
20. The TEO must only re-enrol a learner in provision funded under the ILN ELT Fund for a period of no more than five years or 60 months (the maximum period). These enrolments of an individual learner may be non-consecutive, with the sum total duration of enrolments being no more than the maximum period, unless prior approval is granted by the TEC.

² Some REAPs are community organisations.

³ Some REAPs are community organisations.

B. THE ILN REFUGEE ENGLISH FUND

Purpose

21. The purpose of the ILN Refugee English Fund is to support those with a refugee background, or other special circumstances related to their transition to residence in New Zealand, to reach a level of English that will allow them to enter employment or undertake their choice of vocational or degree-level education, by providing fees-free access to ELT programmes at Level 3 or above on the New Zealand Qualifications and Credentials Framework (NZQCF).

Funding rates

22. The TEC must allocate funding to TEOs on the basis of:
- a. a specified number of fees-free places in ELT programmes at Level 3 and above on the NZQCF;
 - b. the tuition fees charged for enrolment in ELT programmes at Level 3 and above on the NZQCF; and
 - c. pastoral care of \$453 per place, to be used for supporting the educational achievement of learners.⁴

TEO eligibility

23. For the purposes of the ILN Refugee English Fund, an organisation is a TEO if it:
- a. is one of the following:
 - i. a university;
 - ii. Te Pūkenga;
 - iii. a wānanga; or
 - iv. a PTE; and
 - b. is experienced in educating refugee-background learners.
24. The TEC must only fund an organisation from the ILN Refugee English Fund if the organisation is quality assured as follows:
- a. if the TEO is a wānanga, Te Pūkenga, or a registered PTE, the TEO must be quality assured by NZQA; or
 - b. if the TEO is a university, the TEO is quality assured by Universities NZ.

Programme eligibility

25. The TEC must only fund a TEO for a programme funded from the ILN Refugee English Fund if the programme:

⁴ This pastoral care may also be shared with other refugee-background learners at the TEO.

- a. is a programme or course at Level 3 or above on the NZQCF that supports ELT learners with English, and can include skills in preparation for further study; and
- b. has been quality assured by either NZQA or Universities NZ (as appropriate).

Learner eligibility

- 26. The TEC must only fund a TEO from the ILN Refugee English Fund in respect of a learner who:
 - a. is a “domestic student” as defined under section 10(1) of the Act; and
 - b. has either:
 - i. a refugee background, as defined in paragraph 28 of this funding mechanism; or
 - ii. other special circumstances, related to their transition to residence in New Zealand, as outlined in paragraph 29 of this funding mechanism.
- 27. The TEO must only re-enrol a learner in provision funded under the ILN Refugee English Fund for a period of no more than three years or 36 months (the maximum period). These enrolments of an individual learner may be non-consecutive, with the sum total duration of enrolments being no more than the maximum period, unless prior approval is granted by the TEC.
- 28. For learner eligibility, the term “refugee-background” covers:
 - a. refugees or protected persons⁵; and/or
 - b. those who gained the Afghan Emergency Resettlement Visa, and the partner and/or children of members of these groups; or
 - c. other family that gained a New Zealand residence class visa due to their relationship to a refugee, protected person, or those holding an Afghan Emergency Resettlement Visa.⁶
- 29. For learner eligibility, “other special circumstances, related to their transition to a residence visa” includes those directly affected by the Christchurch mosques terror attack and their family members. This group are holders of the Christchurch Response Visa, or those who would have been eligible for this visa but were already holding another residence-class visa. This group also includes residence-class visa holders who are a family member of a living person, where that living person is:
 - a. the holder of a Christchurch Response Visa; or
 - b. a New Zealand citizen who:

⁵ This includes those resettled by the government in New Zealand as refugees and those who gained refugee status or protected person status while living in New Zealand. For the avoidance of doubt, this includes people who have gained refugee status or protected person status and are yet to gain a residence visa as they are refugee-background and still meet the definition of domestic students.

⁶ For the avoidance of doubt, refugee-background will also include the Afghan interpreters who worked for the New Zealand-led Provincial Reconstruction team in Afghanistan and their dependants who were also granted residence visas.

- i. was a resident visa holder under the Immigration Act 2009 on 15 March 2019 and was eligible for a Christchurch Response Visa; or
- ii. would have been eligible for a Christchurch Response Visa had they not already been the holder of a permanent resident visa under the Immigration Act 2009 on 15 March 2019; or
- iii. would have been eligible for a Christchurch Response Visa had they not already been a New Zealand citizen on 15 March 2019; or
- iv. was granted New Zealand citizenship after holding a Christchurch Response Visa; or
- c. the holder of a permanent resident visa under the Immigration Act 2009 who:
 - i. was a resident visa holder under the Immigration Act 2009 on 15 March 2019 and was eligible for a Christchurch Response Visa; or
 - ii. would have been eligible for a Christchurch Response Visa had they not already been the holder of a permanent resident visa under the Immigration Act 2009 on 15 March 2019; or
- d. the holder of a resident visa under the Immigration Act 2009, who held the resident visa on 15 March 2019 and who was eligible for a Christchurch Response Visa.

PART TWO: FUNDING CONDITIONS

30. The TEC must attach the following specific conditions to funding paid under this funding mechanism:

Tertiary Education Organisations

31. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, for the length of the funding period, continue to meet the criteria specified at:
- a. paragraphs 16 and 17 of this funding mechanism, if the funding is from the ILN ELT Fund; or
 - b. paragraphs 23 and 24 of this funding mechanism, if the funding is from the ILN Refugee English Fund.

Programmes

32. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a programme in which an eligible learner is enrolled continues to meet the criteria specified at:
- a. paragraph 18 of this funding mechanism, if the funding is from the ILN ELT Fund; or
 - b. paragraph 25 of this funding mechanism, if the funding is from the ILN Refugee English Fund.

Learners

33. The TEC must attach to funding a condition that an organisation that receives funding under this funding mechanism must:
- a. ensure that each learner who is enrolled in a programme continues to meet the criteria specified at:
 - i. paragraph 19 of this funding mechanism, if the funding is from the ILN ELT Fund; or
 - ii. paragraph 26 of this funding mechanism, if the funding is from the ILN Refugee English Fund; and
 - b. verify the identity of each learner enrolled in a programme to confirm the learner's eligibility, in accordance with the requirements developed by the TEC.

TEO responsibilities: ILN ELT Fund

34. The TEC must attach to funding a condition that a TEO that receives funding from the ILN ELT Fund must have in place an effective assessment process for determining the literacy and numeracy needs of eligible learners, and provider support to ensure those learners progress in line with the guidelines provided by TEC.
35. The TEC must attach to funding a condition that a TEO that receives funding from the ILN ELT Fund must only allow a learner to re-enrol in a programme funded through the ILN ELT Fund if that enrolment will not exceed the maximum period specified in paragraph 20.

TEO responsibilities: ILN Refugee English Fund

36. The TEC must attach to funding a condition that a TEO that receives funding from the ILN Refugee English Fund must only allow a learner to re-enrol in a programme funded through the ILN Refugee English Fund if that enrolment will not exceed the maximum period specified in paragraph 27.
37. The TEC must attach to funding a condition that an organisation that receives funding from the ILN Refugee English Fund must provide pastoral care services that support the educational achievement of each learner.

Reporting withdrawals to Ministry of Social Development

38. The TEC must attach to funding a condition that a TEO that receives funding from the ILN Refugee English Fund must report the withdrawal of learners to the Ministry of Social Development within five working days of each withdrawal. This is to enable student loans and student allowances to be cancelled as soon as possible.

Fees

39. The TEC must attach to funding a condition that the TEO must not charge a fee to a learner who is participating in an eligible programme for which a TEO receives funding under this funding mechanism.

Subcontracting

40. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must not subcontract delivery of ELT provision.

No other funding

41. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
- a. not (without the TEC's prior written consent) seek or obtain funding from any Crown source (including a Crown entity or a company wholly owned by the Crown) other than the TEC to fund a programme or credential which is funded under this funding mechanism; and
 - b. notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of subparagraph (a) of this condition.

Responsible use of funding

42. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must use the funding:
- a. lawfully, responsibly, and for the purposes for which it is provided; and
 - b. in a manner consistent with the appropriate use of public funds.

Recovery of funding

43. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
- a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
44. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

Repayment of funding following revocation of funding approval

45. The TEC must attach to funding a condition that if, in accordance with clause 16 of Schedule 18 of the Act, the TEC suspends or revokes some or all of a TEO's funding paid under this funding mechanism before that funding has been used or contractually committed towards the purposes for which that funding was provided, the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown that:
- a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: Equity Funding

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for Equity Funding.

The new determination is set out in the appendix to this letter. The determination covers the funding of equity top-ups on provision from 1 January 2024.

Under section 422 of the Act, it is the Tertiary Education Commission's (TEC) responsibility to develop the details needed to implement my determinations of the design of funding mechanisms.

Yours sincerely,

Hon Jan Tinetti
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: EQUITY FUNDING

PRELIMINARY PROVISIONS

Statutory authority

1. This determination, which is made under section 419 of the Education and Training Act 2020 (the Act), specifies the design of the funding mechanism for equity funding (funding mechanism).

Purpose

2. The purpose of equity funding for Māori and Pacific learners is to improve participation in and achievement at the higher levels of the tertiary education system (Level 7 (degree) and above on the New Zealand Qualifications and Credentials Framework (NZQCF)).
3. The purpose of equity funding for disabled learners is to improve participation in tertiary education and achievement of qualifications.

On-plan funding

4. The Tertiary Education Commission (TEC) must pay equity funding under section 425 of the Act.

PART ONE: THE FUNDING MECHANISM

General parameters

Effective period dates

5. This funding mechanism applies to equity funding from 1 January 2024.
6. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before that date.

Available funding

7. The amount of Government funding that can be allocated under this funding mechanism will be set through the Government's annual budget processes.

TEO eligibility

Māori and Pacific learners

8. The TEC may only provide equity funding in respect of Māori and Pacific learners to a tertiary education organisation (TEO) that receives funding under the *Determination of Design of Funding Mechanism: Delivery on the NZQCF at Levels 7 (degree) and above*.

Disabled learners

9. The TEC may only provide equity funding in respect of disabled learners to a tertiary education institution (TEI) that receives funding under the *Delivery at Levels 7 (degree) and above on the NZQCF* and *Delivery at Levels 1 and 2 on the NZQCF* funding mechanisms.

Funding formula and rates

Māori and Pacific learners

10. The TEC must allocate equity funding for Māori and Pacific learners according to the number of Māori and Pacific equivalent full-time students (EFTS) at each eligible TEO.
11. The equity funding rates per NZQCF level in respect of Māori and Pacific learners are set out below. All amounts are GST exclusive.

NZQF Level	Rate per EFTS
Level 7 (degree)	\$355.00
Level 8 and above	\$494.00

Disabled learners

12. The TEC must allocate equity funding to a TEI in respect of disabled learners at a set rate of \$31.73 (GST exclusive) per funded EFTS at each TEI.

Performance measurement

13. The TEC must set:
 - a. performance expectation measures for TEOs in relation to participation and achievement for Māori and Pacific learners; and
 - b. reporting requirements for TEIs in relation to equity funding in respect of disabled learners.

PART TWO: FUNDING CONDITIONS

Conditions that the TEC must attach to funding

14. The TEC must impose the following specific conditions on funding provided to each TEO under this funding mechanism.

Responsible use of funding

15. The TEC must attach to funding a condition that a TEO that receives equity funding under this funding mechanism must use the funding:
 - a. lawfully, responsibly, and for the purposes for which the funding is provided; and
 - b. in a manner consistent with the appropriate use of public funds.

Recovery of funding

16. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
 - a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
17. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

Repayment of funding following revocation of funding approval

18. The TEC must attach to funding a condition that if, in accordance with clause 16 of Schedule 18 of the Act, the TEC suspends or revokes some or all of a TEO's funding paid under this funding mechanism before that funding has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown that:
 - a. Is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

TEC administrative responsibilities

19. If a TEO receives funding under this funding mechanism that is less than it should have been, or that it was entitled to receive, the TEC must treat the amount of under-funding as a credit and pay the amount of under-funding as soon as reasonably practicable.

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: Literacy and Numeracy Provision

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for Literacy and Numeracy Provision.

The new determination is set out in the appendix to this letter. The determination covers the funding of literacy and numeracy provision delivered from 1 January 2024. This includes a rate increase of 5.0 percent to all funding rates.

Under section 422 of the Act, it is the Tertiary Education Commission's (TEC) responsibility to develop the details needed to implement my determinations of the design of funding mechanisms.

Yours sincerely,

Hon Jan Tinetti
Minister of Education

DETERMINATION OF THE DESIGN OF FUNDING MECHANISM: LITERACY AND NUMERACY PROVISION

PRELIMINARY PROVISIONS

Statutory authority

1. This funding mechanism for literacy and numeracy provision is made under section 419 of the Education and Training Act 2020 (the Act).

Purpose

2. The purpose of funding literacy and numeracy provision under this funding mechanism is to:
 - a. raise adults' literacy and numeracy skills;
 - b. increase opportunities for adults to engage in literacy and numeracy learning, particularly for those in low-skilled employment; and
 - c. improve the quality and relevance of provision, including the ability to identify learner need.
3. This funding mechanism covers the following funds:
 - a. Intensive Literacy and Numeracy Fund (ILN Fund);
 - b. Workplace Literacy and Numeracy Fund (WLN Fund); and
 - c. Adult Literacy Educator Fund (ALE Fund).

On-Plan funding

4. Subject to paragraph 5, the Tertiary Education Commission (TEC) must pay funding for literacy and numeracy provision under section 425 of the Act (relating to funding organisations via Plans).

Off-Plan funding

5. The TEC must pay funding allocated for the WLN Fund to tertiary education organisations (TEOs) that are employers or REAP Aotearoa New Zealand Incorporated (REAP Aotearoa) as defined in paragraph 33(f-g) of this funding mechanism under section 428 of the Act (relating to funding organisations other than via Plans).

PART ONE: THE FUNDING MECHANISM

GENERAL PARAMETERS

Effective period

6. This funding mechanism is to fund literacy and numeracy provision delivered from 1 January 2024.

7. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before that date.

Available funding

8. The amount of Government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

PART TWO: FUNDS, FUNDING RATES AND FUNDING CONDITIONS

9. The TEC must attach the following specific conditions to funding paid under this funding mechanism:

No other funding

10. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
 - a. not (without the TEC's prior written consent) seek or obtain funding from any Crown source other than the TEC to fund a programme that is funded under this funding mechanism; and
 - b. notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of subparagraph (a).

Responsible use of funding

11. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must use the funding:
 - a. lawfully, responsibly, and for the purposes for which it is provided; and
 - b. in a manner consistent with the appropriate use of public funds.

TEC administrative responsibility in the case of under-funding

12. If a TEO receives funding under this funding mechanism that is less than it should have been, or that it was entitled to receive, the TEC must pay the amount of the under-funding as soon as is reasonably practicable.

Recovery of funding

13. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
 - a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
14. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

General conditions for Off-Plan funding

15. The TEC may impose any conditions on funding paid under this funding mechanism under section 428 of the Act that it considers necessary to ensure that the funding will achieve the purpose for which it has been allocated.

A. THE INTENSIVE LITERACY AND NUMERACY (ILN) FUND

Purpose

16. The purpose of the ILN Fund is to fund TEOs for the intensive provision of high-quality literacy and numeracy learning opportunities within an appropriately structured environment.

Definition of TEO for the purposes of the ILN Fund

17. For the purposes of the ILN Fund, a TEO is one of the following:
- a. Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga);
 - b. a private training establishment (PTE);
 - c. a wānanga;
 - d. a university; or
 - e. a State or State-integrated school.

Funding rates

18. The TEC must allocate \$28.23 of funding from the ILN Fund to TEOs per hour of literacy, numeracy, or literacy and numeracy tuition that is delivered to the learner.
19. The total hours of literacy, numeracy, or literacy and numeracy tuition delivered per learner by a TEO is generally expected to be between 80 and 300 hours per year, acknowledging some learners have a need for more or fewer hours.
20. The literacy, numeracy, or literacy and numeracy tuition must be delivered at the intensity of 5 to 20 hours per week.
21. The TEC must monitor provision funded under the ILN Fund to ensure that it is delivered in accordance with paragraphs 19 and 20. TEO performance in respect of this must be used by the TEC to inform future allocations through this fund.

TEO eligibility

22. The TEC must only fund a TEO from the ILN Fund if the TEO:
- a. is a TEO as defined in paragraph 17;
 - b. has in place an effective assessment process for determining the literacy and numeracy needs of eligible learners, and provides support to ensure that those learners progress in line with the guidelines provided by TEC;
 - c. is able to offer an eligible programme as set out in paragraph 24;

- d. has adequate processes in place for reporting improvements of a learner's literacy and numeracy skills; and
 - e. is quality assured as follows:
 - i. if the TEO is a wānanga, Te Pūkenga, or a registered PTE, the TEO is quality assured by the NZQA;
 - ii. if the TEO is a university, the TEO is quality assured by the New Zealand Vice-Chancellors' Committee (Universities NZ); or
 - iii. if the TEO is a State or State-integrated school, the TEO is quality assured by the Education Review Office.
23. The TEC must attach to funding a condition that a TEO that receives funding from the ILN Fund must ensure that it meets and continues to meet the eligibility criteria specified in paragraph 22.

Programme eligibility

24. The TEC must only fund a TEO from the ILN Fund for a programme that:
- a. provides literacy, numeracy, or literacy and numeracy study or training that is specific, rather than embedded within the programme;
 - b. provides high quality literacy, numeracy, or literacy and numeracy study or training that is value for money;
 - c. enables each learner to use literacy, numeracy, or literacy and numeracy skills to meaningfully engage in New Zealand society;
 - d. is effective in improving each learner's literacy, numeracy, or literacy and numeracy skills;
 - e. has measurable literacy, numeracy, or literacy and numeracy outcomes;
 - f. is flexible and able to be tailored to meet the needs of an individual adult learner; and
 - g. is provided by a tutor who holds an appropriate qualification as determined by the TEC.
25. The TEC must attach to funding a condition that a TEO that receives funding from the ILN Fund must ensure that a programme in which a learner is enrolled meets and continues to meet the eligibility criteria specified in paragraph 24.

Learner eligibility

26. The TEC must only fund a TEO from the ILN Fund in respect of a learner who:
- a. is a "domestic student" as defined under section 10(1) of the Act;
 - b. has low skill levels in literacy, numeracy, or literacy and numeracy as determined by the TEC; and

- c. is assessed using the Literacy and Numeracy for Adults Assessment Tool (LNAAT) and does not present at Step 3 or higher on the Learning Progressions for reading and/or numeracy (as appropriate).
27. The TEC must attach to funding a condition that a TEO that receives funding from the ILN Fund must:
- a. ensure that each learner who is enrolled in a programme meets the eligibility criteria specified in paragraph 26, and continues to meet the criterion in paragraph 26(a); and
 - b. verify the identity of each learner enrolled in a programme to confirm the learner's eligibility, in accordance with the requirements developed by the TEC.

Fees

28. The TEC must attach to funding a condition that a TEO that receives funding from the ILN Fund must not charge a fee to a learner who is participating in a programme for which the TEO receives funding from the ILN Fund.

Subcontracting

29. The TEC must attach to funding, a condition that a TEO that receives funding under this funding mechanism must:
- a. not subcontract any of the funded activities without the prior written consent of the TEC;
 - b. comply with any conditions imposed by the TEC on an approval to subcontract;
 - c. ensure that a subcontracted party does not further subcontract any functions; and
 - d. remain accountable for the use of the funding.

B. THE WORKPLACE LITERACY AND NUMERACY (WLN) FUND

Purpose

30. The purposes of the WLN Fund are to:
- a. increase the literacy and numeracy skills of employees; and
 - b. contribute to workplace productivity through the provision of literacy and numeracy learning in a workplace context.
31. The purposes can be achieved by:
- a. providing programmes of workplace literacy and numeracy training to employees; and
 - b. supporting workplaces to establish sustainable workplace literacy and numeracy provision.
32. The WLN Fund has two funding strands: the TEO-led strand and the Employer-led strand.

Definition of TEO for the purposes of the WLN Fund

33. For the purposes of the WLN Fund, a TEO is one of the following:

- a. Te Pūkenga;
- b. a PTE;
- c. a wānanga;
- d. a university;
- e. a State or State-integrated school;
- f. REAP Aotearoa; or
- g. an employer that:
 - i. is a tertiary education organisation as defined by section 10(1) of the Act; and
 - ii. is a body corporate; and
 - iii. delivers literacy, numeracy, or literacy and numeracy provision:
 - A. to a minimum of 20 of its employees; or
 - B. to a minimum of 20 employees as part of a consortium arrangement with other employers.

Funding rates

Tertiary Education Organisation-led strand

- 34. The TEC must allocate up to \$84.69 of funding from the WLN Fund to TEOs (other than those TEOs in paragraph 33(f-g)) per hour of literacy, numeracy, or literacy and numeracy tuition that is delivered to the learner.
- 35. The total hours of literacy, numeracy, or literacy and numeracy tuition delivered per learner by a TEO is generally expected to be between 25 and 80 hours, acknowledging some learners have a need for more or fewer hours.
- 36. The literacy, numeracy, or literacy and numeracy tuition must be delivered at the intensity of 40 hours over a 10 to 40 week period, unless the TEO has received prior written approval from the TEC to deliver below this intensity.
- 37. The TEC must monitor provision funded under the WLN Fund to ensure that it is delivered in accordance with paragraphs 35 and 36. TEO performance in respect of this must be used by the TEC to inform future allocations through this fund.

Employer-led strand

- 38. The TEC must allocate up to \$103.23 of funding per hour of literacy, numeracy, or literacy and numeracy tuition that is delivered to the learner from the WLN Fund to TEOs defined in paragraph 33(f-g).

39. The total hours of literacy, numeracy, or literacy and numeracy tuition delivered per learner by a TEO is generally expected to be between 25 and 80 hours, acknowledging some learners have a need for more or fewer hours.
40. The literacy, numeracy, or literacy and numeracy tuition must be delivered at the intensity of 40 hours over a 10 to 40 week period, unless the TEO has received prior written approval from the TEC to deliver below this intensity.
41. The TEC must monitor provision funded under the WLN Fund to ensure that it is delivered in accordance with paragraphs 39 and 40. TEO performance in respect of this must be used by the TEC to inform future allocations through this fund.

TEO eligibility

42. The TEC must only fund a TEO from the WLN Fund if:

- a. it is a TEO as defined in paragraph 33;
- b. it has in place an effective assessment process for determining the literacy and numeracy needs of eligible learners, and provides support to ensure that those learners progress in line with the guidelines provided by TEC; and
- c. it is able to offer an eligible programme as set out in paragraph 44, and:
 - i. if the TEO is an employer as defined in paragraph 33(g), it is able to offer an eligible programme as set out in paragraph 46; or
 - ii. if the TEO is REAP Aotearoa, it:
 - i. delivers literacy, numeracy, or literacy and numeracy provision:
 - A. to a minimum of 20 of its employees; or
 - B. to a minimum of 20 employees as part of a consortium arrangement with other employers; and
 - ii. is able to offer an eligible programme as set out in paragraph 46; and
- d. is quality assured as follows (other than REAP Aotearoa or an employer as defined in paragraph 33(g)):
 - i. if the TEO is a wānanga, Te Pūkenga, or a registered PTE, the TEO is quality assured by NZQA;
 - ii. if the TEO is a university, the TEO is quality assured by Universities NZ; or
 - iii. if the TEO is a State or State-integrated school, the TEO is quality assured by the Education Review Office.

43. The TEC must attach to funding a condition that a TEO that receives funding from the WLN Fund must meet and continue to meet the eligibility criteria specified in paragraph 42.

Programme eligibility

44. The TEC must only fund a TEO from the WLN Fund for a programme of workplace training to employees if the programme:
- a. provides literacy, numeracy, or literacy and numeracy training that is specific, rather than embedded within the programme;
 - b. provides high quality literacy, numeracy, or literacy and numeracy study or training that represents value for money;
 - c. is effective and innovative in improving each learner's workplace literacy, numeracy, or literacy and numeracy skills to meaningfully engage in the workplace and New Zealand society;
 - d. is able to be tailored to meet the needs of an individual learner;
 - e. has adequate processes for reporting on a learner's progress in improving literacy, numeracy, or literacy and numeracy skills; and
 - f. is provided by a tutor who holds an appropriate qualification as determined by the TEC.
45. The TEC must attach to funding a condition that a TEO that receives funding from the WLN Fund must ensure that a programme in which an eligible learner is enrolled meets and continues to meet the eligibility criteria specified in paragraph 44.
46. In addition to paragraph 44, the TEC must only fund a TEO that is REAP Aotearoa or an employer as defined in paragraph 33(g), or a TEO that works with a specific employer, for a programme of workplace training if the programme:
- a. provides high quality literacy, numeracy, or literacy and numeracy study, or training, that is tailored to the needs of the workplace;
 - b. contributes to the development of sustainable employee literacy and numeracy practices within the workplace;
 - c. has targeted literacy, numeracy, or literacy and numeracy outcomes that reflect the priorities and needs of the workplace; and
 - d. has the support of the employer's senior management.
47. The TEC must attach to funding a condition that a TEO that is REAP Aotearoa or an employer as defined in paragraph 33(g), or a TEO that works with a specific employer, must ensure that a programme of workplace training in which a learner is enrolled meets and continues to meet the eligibility criteria specified in paragraphs 44 and 46.

Learner eligibility

48. The TEC must only fund a TEO from the WLN Fund in respect of a learner who:
- a. is a "domestic student" as defined under section 10(1) of the Act;
 - b. has low skill levels of literacy, numeracy, or literacy and numeracy as determined by the TEC;

- c. is assessed using the LNAAT and does not present at Step 4 or higher on the Learning Progressions for reading, and/or Step 5 or higher on the Learning Progressions for numeracy (as appropriate);
 - d. is in the paid workforce; and
 - e. is not:
 - i. enrolled as a full-time secondary school student;
 - ii. accessing TEC-funded literacy, numeracy, or literacy and numeracy provision at another TEO or workplace;
 - iii. enrolled in a programme or micro-credential at Level 4 or above on the New Zealand Qualifications and Credentials Framework (NZQCF); or
 - iv. enrolled in a New Zealand Apprenticeship.
49. The TEC must attach to funding a condition that a TEO that receives funding from the WLN Fund must:
- a. ensure that each learner who is enrolled in a programme or micro-credential meets and continues to meet the eligibility criteria specified in paragraph 48 (with the exception of the criterion in paragraph 48(b)); and
 - b. verify the identity of each learner enrolled in a programme or micro-credential to confirm the learner's eligibility, in accordance with the requirements developed by the TEC.

Fees

50. The TEC must attach to funding a condition that a TEO that receives funding from the WLN Fund must not charge a fee to a learner who is participating in a programme of workplace training for which the TEO receives funding from the WLN Fund.

Subcontracting

51. The TEC must attach to funding a condition that a TEO that is REAP Aotearoa or an employer as defined in paragraph 33(g) and receives funding from the WLN Fund must not subcontract the provision of a programme of workplace training to another TEO unless:
- a. the TEO receives the TEC's written consent prior to subcontracting;
 - b. the TEO complies with any conditions imposed by the TEC on giving consent to subcontract; and
 - c. the TEO ensures that the subcontracted party has in place an effective assessment process for determining the literacy and numeracy needs of eligible learners, and provides support to ensure those learners progress, in line with the guidelines provided by TEC.

C. THE ADULT LITERACY EDUCATOR (ALE) FUND

Purpose

52. The purpose of the ALE Fund is to build an effective literacy and numeracy teaching workforce by increasing the capability of educators and trainers to teach literacy and numeracy skills to adults. It does this by reducing fees for programmes of study or training that lead to literacy and numeracy educator qualifications at Level 5 on the NZQCF.

Definition of TEO for the purposes of the ALE Fund

53. For the purposes of the ALE Fund, a TEO is one of the following:

- a. Te Pūkenga;
- b. a PTE;
- c. a wānanga; or
- d. a university.

Funding rates

54. The TEC must allocate funding to a TEO on the basis of a:

- a. specified number of places in programmes of study or training leading to literacy and numeracy educator qualifications at Level 5 on the NZQCF; and
- b. fixed rate of \$2,260.00 per learner to contribute towards the fees TEOs charge for programmes of study or training that lead to literacy and numeracy educator qualifications at Level 5 on the NZQCF.

TEO eligibility

55. The TEC must only fund a TEO from the ALE Fund if the TEO:

- a. is a TEO as defined in paragraph 53;
- b. is able to offer an eligible programme as set out in paragraph 57; and
- c. is quality assured as follows:
 - i. if the TEO is a wānanga, Te Pūkenga, or a registered PTE, the TEO is quality assured by NZQA; or
 - ii. if the TEO is a university, the TEO is quality assured by Universities NZ.

56. The TEC must attach to funding a condition that a TEO that receives funding from the ALE Fund must meet and continue to meet the eligibility criteria specified in paragraph 55.

Programme eligibility

57. The TEC must only fund a TEO from the ALE Fund for tuition fees top-ups for a programme if the programme leads to a literacy and numeracy educator qualification (or qualifications) at Level 5 on the NZQCF.

58. For the avoidance of doubt, a TEO that receives a fees top-up from the ALE Fund for an eligible learner may charge the learner for the balance of the tuition fees.

59. The TEC must attach to funding a condition that a TEO that receives funding from the ALE Fund must ensure that a programme in which a learner is enrolled meets and continues to meet the eligibility criteria specified in paragraph 57.

Learner eligibility

60. The TEC must only provide funding to a TEO from the ALE Fund in respect of a learner who:

- a. is a “domestic student” as defined under section 10(1) of the Act;
- b. is 18 years of age or over; and
- c. has the academic ability to complete the programme that leads to an appropriate qualification.

61. The TEC must attach to funding a condition that a TEO that receives funding from the ALE Fund must:

- a. ensure that each learner who is enrolled in a programme meets and continues to meet the eligibility criteria specified in paragraph 60; and
- b. verify the identity of each learner enrolled in a programme to confirm the learner’s eligibility, in accordance with the requirements developed by the TEC.

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: Māori and Pasifika Trades Training

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for Māori and Pasifika Trades Training.

The new determination is set out in the appendix to this letter. The determination covers the funding of Māori and Pasifika Trades Training provision delivered from 1 January 2024. The new determination includes a 5.0 percent increase to all funding rates specified in the determination.

Under section 422 of the Act, it is the Tertiary Education Commission's (TEC) responsibility to develop the details needed to implement my determinations of the design of funding mechanisms.

Yours sincerely

Hon Jan Tinetti
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: MĀORI AND PASIFIKA TRADES TRAINING

PRELIMINARY PROVISIONS

Statutory Authority

1. This determination is made under section 419 of the Education and Training Act 2020 (the Act) and specifies the design of the funding mechanism for Māori and Pasifika Trades Training (MPTT).

Purpose

2. The purpose of this funding mechanism is to support Māori and Pacific learners aged 16 to 40 years of age (inclusive) to enter and achieve in pre-trades training and progress to relevant trades-related employment, or work-based vocational training, including New Zealand Apprenticeships on the New Zealand Qualifications and Credentials Framework (NZQCF). Progression to further provider-based vocational training on the NZQCF that has strong employment outcomes is also a positive outcome.
3. Funding paid under this funding mechanism is for:
 - a. fees top-ups to make provider-based delivery of pre-trades training programmes funded through the *Non-degree delivery at Levels 3-7 on the NZQCF and all Industry Training* funding mechanism fees-free to MPTT learners;
 - b. brokerage services to:
 - i. match learner talents and aspirations with employer skill requirements and career pathways;
 - ii. tailor pre-employment trades educational provision to the needs and aspirations of MPTT learners, communities, and potential employers;
 - iii. facilitate relationships between MPTT learners, providers, and potential employers; and
 - iv. transition learners into relevant employment; and
 - c. consortium activities to increase access to vocational training for MPTT learners and to improve pre-employment trades training (including robust work preparation and learner support) to align this training more closely to the needs of employers and of Māori and Pacific communities.
4. The Government contribution towards the costs of teaching and learning services is funded through the *Delivery on the NZQCF at Levels 1 and 2 (DQ1-2)* and/or *Non-degree delivery at Levels 3-7 on the NZQCF and all industry training (DQ3-7)* funding mechanisms (together referred to as DQ funding for the purposes of this funding mechanism). An organisation delivering trades training under the MPTT initiative must meet the teaching and learning costs through its existing agreed allocations funded as part of its Investment Plan. If an organisation does not receive DQ funding, it must have an agreement with an organisation that has an allocation that is approved by the Tertiary Education Commission (TEC).

Off-plan funding

5. The TEC must pay MPTT funding under section 428 of the Act.

PART ONE: THE FUNDING MECHANISM

General parameters

Effective period dates

6. This funding mechanism covers funded activities delivered from 1 January 2024.
7. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before this date.

Consortium

8. For the purposes of MPTT, a consortium should consist of at least one tertiary education organisation (TEO) funded for work-based learning¹, one TEO funded for provider-based learning² (these may be the same TEO), employer representation, and a Māori and/or Pacific entity.
9. A consortium should undertake governance, project management, co-ordination, and evaluation services. A consortium should also provide for:
 - a. employability skills training, and fees for obtaining licences, such as driver licences, that complement the DQ-funded programmes that learners are likely to need to gain entry-level employment in their chosen trade; and
 - b. additional learner support (activities, equipment, or other support), which contributes to learners' success.
10. Consortia should draw on their knowledge of community and employer needs, including those identified by Workforce Development Councils (WDCs) and Regional Skills Leadership Groups (RSLGs) and the needs of learners entering New Zealand apprenticeships to contribute to the choice, design and delivery of programmes, learner support, and pre-screening of applicants for places in MPTT.
11. The TEC must agree, with each consortium, an aspirational target level of female participation in MPTT that:
 - a. reflects the opportunity for the consortium to increase female participation in trades that offer sustainable employment and in which females have traditionally been under-represented; and
 - b. represents a significant but achievable increase on previous female learner participation in the MPTT consortium, and in similar consortia.

¹ Work-based learning is defined as provision in the work-based mode of delivery, as defined in the funding determination for DQ3-7.

² Provider-based learning is defined as provision in the provider-based mode of delivery, as defined in the funding determination for DQ3-7.

12. The TEC must agree, with each consortium, aspirational targets for the participation of learners who may be less likely to participate or achieve in vocational training without MPTT, such as those with low prior achievement and recent beneficiaries. The targets should reflect local and regional needs and aspirations, including those identified by WDCs and RSLGs.

Available funding

13. The amount of government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

Funding for fees top-ups

14. The TEC must calculate funding for fees top-ups for enrolments in eligible programmes and micro-credentials in equivalent full-time students (EFTS). One (1.0) EFTS unit is defined as the student workload that would normally be carried out by a student enrolled full-time in a single academic or calendar year.
15. The TEC must allocate funding for fees top-ups at a rate of \$5,529 per EFTS for programmes and micro-credentials at Level 3 or Level 4 on the NZQCF, and \$0 for programmes and micro-credentials at Level 1 or 2 on the NZQCF.

Funding for Brokerage

16. The TEC must allocate brokerage funding at a rate of \$1,274 per individual learner up to the total number of learners agreed by the TEC. Brokerage funding is only allocated once in respect of the same individual learner.
17. The TEC must reserve 50% of brokerage funding for the payment of a performance incentive that is payable on the basis of sufficient evidence of individual learners achieving a successful outcome, in accordance with paragraph 18, from a programme supported by MPTT within 18 months of the learner ceasing to be enrolled in the programme.
18. The outcomes that result in the payment of the performance incentive are:
 - a. entry to a New Zealand Apprenticeship; or
 - b. entry to work-based vocational training at Level 3 or higher on the NZQCF

Funding for consortium activities

19. The TEC must allocate funding for consortium activities such as:
 - a. governance and project management;
 - b. coordinating the contributions of consortium members and other services to the development of learner capabilities;
 - c. employability skills training and licencing (e.g., driver licencing) that complements the DQ-funded programmes; and
 - d. learner support (activities, equipment, or other support that contributes to learners' success) in addition to pastoral support ordinarily offered by the tertiary provider.

20. For the purposes of this funding mechanism, the total amount of funding available for consortium activities is determined by Cabinet or Joint Ministers.
21. The amount allocated to each consortium should reflect learner numbers, the past performance of the consortium, the stage of development of the consortium, and the potential for economies of scale (including economies achieved by consortia working together), and it may reflect the learner group being targeted by the consortium.

Organisation eligibility for fees top-ups or brokerage

22. The TEC may only allocate MPTT funding for fees top-ups or brokerage to:
 - a. a TEO that:
 - i. is part of a consortium approved by the TEC;
 - ii. is a wānanga, Te Pūkenga, a Private Training Establishment (PTE), or a university;
 - iii. is quality assured as follows:
 - A. if the TEO is a wānanga, Te Pūkenga, or a registered PTE, the TEO must be quality assured by the NZQA; or
 - B. if the TEO is a university, the TEO must be quality assured by the New Zealand Vice-Chancellors' Committee (Universities NZ); and
 - iv. has been allocated DQ funding from the TEC; or
 - b. a consortium, or a member of a consortium, that:
 - i. is approved by the TEC;
 - ii. is a legal entity;
 - iii. is a TEO identified under section 10(1) of the Act; and
 - iv. in the case of fees top-ups funding, has a contract for DQ-funded provision with at least one TEO that meets the criteria of sub-paragraph (a).
23. For the purposes of this funding mechanism, all eligible recipients of funding are referred to as "organisations".
24. As the consortium arrangement is intended to provide flexibility in allocating MPTT funding, the TEC may:
 - a. fund an organisation for both fees top-ups and brokerage on a consortium's behalf;
 - b. fund multiple organisations within a consortium for both fees top-ups and brokerage;
 - c. fund multiple organisations within a consortium for either fees top-ups or brokerage;or

- d. subject to paragraph 36, fund a consortium for both fees top-ups and brokerage, allowing the consortium to sub-contract with its own members, or other TEOs, for DQ-funded provision and brokerage.

Organisation eligibility for consortium activities funding

- 25. The TEC may only allocate MPTT funding for consortium activities to an organisation that is the lead member of a consortium, provided that the lead member is:
 - a. approved by the TEC;
 - b. a legal entity; and
 - c. either:
 - i. a TEO that is eligible for MPTT funding for fees top-ups or brokerage; or
 - ii. an individual or body that provides tertiary education-related services and is identified in accordance with section 10 of the Act as a tertiary education organisation for the purposes of the Act.

Eligibility of learners

- 26. The TEC must ensure that an organisation only receives MPTT funding for fees top-ups and/or brokerage for eligible learners.
- 27. To be eligible, a learner must be:
 - a. one of the following:
 - i. a domestic student, as defined in section 10(1) of the Act; or
 - ii. an Australian citizen or Australian permanent resident currently residing in New Zealand;
 - b. Māori³ or Pacific^{4,5};
 - c. aged 16 to 40 years of age (inclusive) at the start date of the first course in the programme; and
 - d. enrolled in an eligible programme or micro-credential (set out in paragraph 29).

³ For administrative purposes this refers to those with evidence of Māori ancestry, whakapapa, or persons that made an oath, affirmation or declaration that they are Māori made before a person recognised and authorised to administer such oaths, attestations, or declarations (e.g. a Kaumātua affiliated to a recognised Māori hapū, iwi, or legal entity, a Justice of the Peace, or other persons empowered to administer oaths and declarations under the Oaths and Declarations Act 1957).

⁴ For administrative purposes this includes those who have evidence of ancestry from the independent and sovereign nations of the South Pacific and meet the conditions of paragraph 27(a-d) and for whom priority must be given. This includes The Republic of Fiji, The Kingdom of Tonga, the Independent State of Samoa, the Cook Islands, Solomon Islands, Vanuatu, Tuvalu, Nauru, Niue and Kiribati. It also includes the atolls of Tokelau for which New Zealand is administratively and constitutionally responsible.

⁵ Additionally, on the basis of a request by a consortia, TEC may grant admission to learners descended from persons from French Polynesia, Wallis and Futuna Islands, New Caledonia, Papua New Guinea and American Samoa provided they also meet the conditions of paragraph 27(a-d) and there is spare capacity but only after prior consideration of admission by Māori and Pacific learners as identified in notes 4 and 5.

Eligible programmes and micro-credentials

28. The TEC must ensure that an organisation only receives MPTT funding for fees top-ups for eligible learners enrolled in an eligible programme or micro-credential.
29. For the purposes of this funding mechanism, an eligible programme or micro-credential is DQ-funded training that is:
 - a. either:
 - i. a programme leading to the award of a qualification at Levels 1-4 on the NZQCF; or
 - ii. a micro-credential of between 20 and 40 credits at Levels 1-4 on the NZQCF; and
 - b. forms a pathway to entry to:
 - i. a New Zealand Apprenticeship; or
 - ii. vocational training at Level 3 or higher on the NZQCF, in a programme identified by the TEC as being likely to lead to sustainable employment.
30. The TEC must ensure that an organisation does not use MPTT fees top-ups funding to fund:
 - a. a New Zealand Apprenticeship or other types of work-based training; or
 - b. a programme or micro-credential if the TEC considers on reasonable grounds that a majority of the programme or micro-credential relates to health and safety or regulatory compliance learning.

Eligibility for brokerage

31. The TEC must ensure that an organisation only receives MPTT funding for brokerage for eligible learners for whom the organisation provides, or subcontracts brokerage services, in relation to the learner, as indicated by the purposes of brokerage set out in this funding mechanism (see paragraph 3).

PART TWO: FUNDING CONDITIONS

General Conditions

32. The TEC, in funding an organisation eligible for funding under this funding mechanism under section 428 of the Act, may impose any conditions on funding that it considers necessary, including, without limitation, conditions for ensuring that funding will achieve the purpose for which it has been allocated.

Conditions that the TEC must or may attach to funding

33. The TEC must or, in the case of paragraph 44, may impose the following specific conditions on funding provided to each relevant organisation under this funding mechanism.

Eligible organisations

34. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups, brokerage and/or consortium activities under this funding mechanism must meet and continue to meet all the relevant eligibility criteria for organisations under this funding mechanism.
35. The TEC must attach to funding a condition that an organisation that receives funding under this funding mechanism remains as part of the same approved consortium for the length of the funding period, except as agreed by the TEC for the purpose of continuing to support enrolled learners.

Subcontracting for delivery

36. The TEC must attach to funding a condition that an organisation that receives funding under this funding mechanism must:
 - a. not subcontract any of the funded activities without the prior written consent of the TEC and without the prior written approval by NZQA where the TEO is quality assured by NZQA;
 - b. comply with any conditions imposed by the TEC on an approval to subcontract;
 - c. ensure that a subcontracted party does not further subcontract any functions; and
 - d. remain accountable for the use of the funding.

Eligible learners

37. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups and/or brokerage under this funding mechanism must ensure that each learner meets and continues to meet the criteria of paragraph 27 of this funding mechanism.

Eligible programmes and micro-credentials

38. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups under this funding mechanism must ensure that a programme or micro-credential in which an eligible learner is enrolled meets and continues to meet the criteria of paragraph 29 of this funding mechanism.
39. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups under this funding mechanism must:
 - a. ensure that the funding is not used to fund:
 - i. a New Zealand Apprenticeship or other types of work-based training; or
 - ii. a programme or micro-credential if the TEC considers on reasonable grounds that a majority of the programme or micro-credential relates to health and safety or regulatory compliance learning;
 - b. comply with the funding conditions for the relevant DQ-funded programme or micro-credential; and

- c. in the case of learners for whom the organisation receives MPTT funding for fees top-ups for DQ-funded programmes at Level 3 or Level 4 on the NZQCF, have in place an effective assessment process for determining the literacy and numeracy needs of eligible learners and provide support to ensure that those learners progress in line with the guidelines provided by TEC.

Eligibility for Brokerage

- 40. The TEC must attach to funding a condition that an organisation that receives MPTT funding for brokerage under this funding mechanism must provide, or subcontract, brokerage services in relation to eligible learners, as indicated by the purposes of brokerage set out in this funding mechanism (see paragraph 3).

Fees and associated course costs

- 41. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups under this funding mechanism must not charge a fee to a learner enrolled in an eligible programme or micro-credential that is funded under this funding mechanism.
- 42. The TEC must attach to funding a condition that an organisation that receives MPTT funding for brokerage under this funding mechanism must not charge a fee to a learner for brokerage services.

Eligible organisation's responsibilities

- 43. The TEC must attach to funding, a condition that an organisation that receives MPTT funding under this funding mechanism must meet minimum performance standards specified by the TEC.

Consortium lead member's responsibilities

- 44. The TEC may attach to funding a condition that the lead member of a consortium that receives funding for consortium activities must enter an arrangement, or arrangements, with each other member of the consortium that:
 - a. enables the lead member to meet conditions of funding imposed by the TEC on the lead member;
 - b. imposes on each member of the consortium obligations owed to the lead member that are similar to the lead member's obligations in respect of any funding received under this funding mechanism; and
 - c. imposes on each other member of the consortium obligations to provide information to, and fully cooperate with, the lead member and the TEC, in order to verify the lead member's compliance with conditions of funding imposed by the TEC on the lead member.
- 45. The TEC must attach to funding, a condition that the lead member must not (without the prior written consent of the TEC), enter or end any arrangement with another organisation, or other member of the consortium that would have the effect of changing the membership of that lead member's consortium.

Funding from other sources

46. The TEC must attach to funding a condition that an organisation that receives funding under this mechanism must:
 - a. not (without the TEC's prior written consent) seek or obtain any funding, from any Crown source other than the TEC, for activities funded under this funding mechanism; and
 - b. notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of sub-paragraph (a) of this condition.
47. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups or funding for brokerage for an eligible learner under this funding mechanism must not seek or claim fees payments or other fees top-up funding from any other Crown source for the same learner, without the prior approval of TEC in writing.

Responsible use of funding

48. The TEC must attach to funding a condition that an organisation that receives funding under this funding mechanism must use the funding:
 - a. lawfully, responsibly, and for the purposes for which the funding is provided; and
 - b. in a manner consistent with the appropriate use of public funds.

Recovery of funding

49. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
 - a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
50. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

TEC administrative responsibilities

51. The TEC must attach to funding a condition that, if the organisation receives funding under this funding mechanism that is less than it should have been, or that it was entitled to receive, the TEC must treat the amount of the under-funding as a credit and pay the amount as soon as is reasonably practicable.



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: Performance-Based Research Fund

I am writing to advise you of a determination of the design of a funding mechanism for the Performance-Based Research Fund, issued under section 419 of the Education and Training Act 2020 (the Act). The determination is set out in the appendix to this letter.

This determination replaces the previous determination issued in 2021 and provides direction to the Tertiary Education Commission (TEC) on the design of the Performance-Based Research Fund (PBRF), and high-level details on its operation. This letter lists the key changes in the determination that were made in 2021 and provides further guidance on additional changes to the PBRF.

Summary of changes

Following a review of the PBRF, beginning in mid-2019, changes were agreed by Cabinet in 2021. These changes will improve the PBRF by:

- adding a new objective to the PBRF, to support a robust and inclusive system for developing and sustaining research excellence in Aotearoa New Zealand;
- refreshing the PBRF guiding principles to better reflect the partnership between the Crown and Māori, and to promote equity, diversity and inclusiveness;
- supporting Māori researchers and research by increasing the subject area weighting for Evidence Portfolios assessed by the Māori Knowledge and Development panel from 1 to 3 and applying a funding weighting of 2.5 for Evidence Portfolios submitted by Māori staff;
- supporting Pacific researchers and research in the PBRF by increasing the subject area weighting for Evidence Portfolios assessed by the Pacific Research panel from 1 to 2.5 and applying a funding weighting of 2 for Evidence Portfolios submitted by Pacific staff;
- providing certainty for Te Pūkenga in the next Quality Evaluation (QE) round by ensuring that the proportion of QE component funding received by Te Pūkenga following the 2026 QE is at least 90% of the allocation Te Pūkenga received based on the Institutes of Technology and Polytechnics' (ITPs)

scores in the 2018 QE;

- amending the External Research Income component by increasing the weighting of the Overseas Research Income category from 1.5 to 3.5, and increasing the weighting for New Zealand Non-Government Income from 2 to 4, to better reflect non-governmental sources of income;
- broadening the PBRF definition of research by rewording the definition of research and research excellence, and making changes to Evidence Portfolios. This includes changes to better recognise and reward a broader range and diversity of research, and to better recognise collaboration and engagement;
- revising the Extraordinary Circumstances qualifying criteria to promote equity and inclusion; and
- simplifying the New and Emerging qualifying criteria.

This determination includes provisions that will give effect to a number of these changes. However, some of these changes are not included in the determination, either because they are of a detailed operational nature, fall outside the scope of the determination, or are subject to further review or change by the TEC before the next QE in 2026.

In line with Cabinet's decisions, I expect the TEC to design and implement the four changes detailed below, in consultation with the Sector Reference Group it has established for the 2026 QE.

Rewording the PBRF definition of research

The TEC is to redefine the PBRF definition of research and research excellence to encompass the production of research, engagement, and impact relating to that research and support diverse research cultures. Expanding this definition of research is intended to:

- better support a broader range and diversity of research being recognised and rewarded by the QE;
- allow for a focus on quality rather than quantity;
- better recognise collaboration and engagement, particularly with end users; and
- emphasise excellence and promote inclusion.

Definitions of research and research excellence are not included in this funding determination. Instead, I will look to TEC to publish the reworded definitions (determined as above) in an appropriate, accessible location.

Making changes to Evidence Portfolios

The TEC is to make changes to the Evidence Portfolios submitted by staff in the QE to complement the new PBRF definition of research. This will involve design and implementation work across three aspects of Evidence Portfolios, by:

- replacing the Nominated Research Output section with an Examples of Research Excellence section;

- replacing the current Other Research Output sub-section with an Other Examples of Research Excellence sub-section; and
- reviewing the Research Contribution component with a view to complement the new Examples of Research Excellence section.

Revising the Extraordinary Circumstances qualifying criteria

The TEC is to revise the Extraordinary Circumstances qualifying criteria to:

- introduce a merit-relative-to-opportunity element to allow assessment of research quantity in ways that promote equity and inclusion;
- ensure the process collects and evaluates information in a sensitive way, and limits the number of people with access to this information;
- review and potentially remove the minimum threshold of three years;
- allow for part-time employment to be considered more deliberately throughout assessment, including potentially in this category; and
- take account of the negative impacts of COVID-19.

Simplifying the new and emerging qualifying criteria

The TEC is to simplify the New and Emerging qualifying criteria. Any changes should also align with the proposed changes to the PBRF definition of research.

Operation and implementation

I am aware that the TEC has appointed a Sector Reference Group for the 2026 QE, and in doing so considered how best to appoint a group that demonstrates a strong commitment to Māori-Crown partnership and comprises a diverse membership. In line with Cabinet's decisions, I expect the TEC to design and implement the above changes in consultation with this Sector Reference Group.

I also expect the TEC to discontinue the reporting of Average Quality Score metrics for the next QE.

Under section 422 of the Act, it is the TEC's responsibility to develop the operational policy and practices needed to implement the PBRF.

Ngā mihi,

Hon Jan Tinetti
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: PERFORMANCE-BASED RESEARCH FUND

PRELIMINARY PROVISIONS

Introduction and Statutory Authority

1. This determination, which is made under section 419 of the Education and Training Act 2020 (the Act), specifies the design of the funding mechanism for the Performance-Based Research Fund (PBRF).

Purpose

2. The purpose of the PBRF is to increase the quality of research by rewarding and encouraging research excellence.
3. The primary objectives of the PBRF are to:
 - a. increase the quality of basic and applied research at Aotearoa New Zealand's degree-granting tertiary education organisations (TEOs);
 - b. support world leading research-led teaching and learning at degree and postgraduate levels;
 - c. assist Aotearoa New Zealand's TEOs to maintain and lift their competitive rankings relative to their international peers;
 - d. provide robust public information to stakeholders about research performance within and across TEOs; and
 - e. support a robust and inclusive system for developing and sustaining research excellence in Aotearoa New Zealand.
4. In doing so, the PBRF will also:
 - a. support the development of postgraduate student researchers and new and emerging researchers;
 - b. support research activities that provide economic, social, cultural, and environmental benefits to Aotearoa New Zealand, including the advancement of mātauranga Māori; and
 - c. support technology and knowledge transfer to Aotearoa New Zealand businesses, iwi and communities.
5. The governance of the PBRF is guided by the following principles:
 - a. Partnership: the PBRF should reflect the bicultural nature of Aotearoa New Zealand and the special role and status of Te Tiriti o Waitangi;
 - b. Equity: different approaches and resources are needed to ensure that the measurement of research excellence leads to equitable outcomes;
 - c. Inclusiveness: the PBRF should encourage and recognise the full diversity of

epistemologies, knowledges, and methodologies to reflect Aotearoa New Zealand's people;

- d. Comprehensiveness: the PBRF should appropriately measure the quality of the full range of original investigative activity that occurs within the sector, regardless of its type, form, or place of output;
- e. Respect for academic traditions: the PBRF should operate in a manner that is consistent with academic freedom and institutional autonomy;
- f. Consistency: evaluations of quality made through the PBRF should be consistent across the different subject areas and in the calibration of quality ratings against international standards of excellence;
- g. Continuity: changes to the PBRF process should only be made where they can bring demonstrable improvements that outweigh the cost of implementing them;
- h. Differentiation: the PBRF should allow stakeholders and the government to differentiate between providers and their units on the basis of their relative quality;
- i. Credibility: the methodology, format, and processes employed in the PBRF must be credible to those being assessed;
- j. Efficiency: administrative and compliance costs should be kept to the minimum, consistent with a robust and credible process;
- k. Transparency: decisions and decision-making processes must be explained openly, except where there is a need to preserve confidentiality and privacy; and
- l. Complementarity: the PBRF should be integrated with new and existing policies, such as Investment Plans, and quality assurance systems for degrees and degree providers.

On-plan Funding

- 6. The Tertiary Education Commission (TEC) must pay funding allocated through this funding mechanism under section 425 of the Act.

PART ONE: THE FUNDING MECHANISM

General Parameters

Available Funding

- 7. The total amount of PBRF funding to be allocated will be set through the Government's annual budget processes.

Funding Components and Rates

- 8. The TEC must pay funding under this funding mechanism to each eligible TEO at a rate determined annually.
- 9. The amount of funding that the TEC may provide to a TEO will be based on the following three components:

- a. the Quality Evaluation (QE) - a periodic peer assessment of the research contribution of individual teaching and research staff in participating TEOs;
- b. Research Degree Completions (RDC) - a measure of the number of research-based postgraduate degrees that are completed within participating TEOs;
- c. External Research Income (ERI) - a measure of income received by participating TEOs (and/or any wholly-owned subsidiaries) for the purposes of conducting research.

10. The TEC must divide the total amount of PBRF funding as follows:

- a. QE- 55%;
- b. RDC- 25%;
- c. ERI- 20%.

TEO Eligibility

11. The TEC must only provide funding from the PBRF to TEOs that:

- a. are based in Aotearoa New Zealand;
- b. grant bachelor's degrees, master's degrees, or doctoral degrees;
- c. have an investment plan; and
- d. receive funding under the *Delivery at Level 7 (degree) and above on the New Zealand Qualifications and Credentials Framework* funding mechanism.

12. A TEO that seeks funding from the PBRF must participate in all three components (i.e., the QE, RDC, and ERI), even if their funding entitlement to one or more components is zero, or likely to be zero.

13. If a PBRF-eligible TEO did not participate in the latest QE, the TEO is ineligible for funding through the RDC and ERI components until the next QE.

Minimum Allocation for Te Pūkenga

14. Subject to paragraph 12, the TEC will ensure that the proportion of QE component funding received by Te Pūkenga following the 2026 QE is at least 90% of the allocation Te Pūkenga received based on the Institutes of Technology and Polytechnics' (ITPs) scores in the 2018 QE. The TEC will determine the dollar value of the allocation once it has the results of the 2026 QE.

Quality Evaluation

Evidence Portfolios

15. Subject to paragraph 19(b), each TEO must ensure that eligible TEO staff (as determined by paragraph 17) provide an Evidence Portfolio that sets out information on their research performance. The evaluation of Evidence Portfolios in the QE will be

the responsibility of subject-based external peer review panels, comprised of experts in their fields.

16. An Evidence Portfolio will comprise an 'Examples of Research Excellence' section, including an 'Other Examples of Research Excellence' section, and a 'Contributions to the Research Environment' section.

Staff Eligibility

17. The TEC must ensure that each TEO only includes the Evidence Portfolio of a staff member in the QE if:

- a. the staff member is employed by the TEO on the staff census date under a contract of salaried employment with a duration of at least one year; and
- b. the staff member is employed at a minimum of 0.2 full-time equivalent (FTE) during the period of the contract of salaried employment; and
- c. the staff member's employment functions included a substantive contribution to research and/or teaching degree-level programmes; and
- d. the staff member is not based overseas.

18. The TEC must establish criteria for determining:

- a. what is a "substantive contribution to research and/or teaching degree-level programmes" for the purposes of paragraph 17(c); and
- b. when a staff member is considered to be "based overseas" for the purposes of paragraph 17(d).

Submitting Evidence Portfolios

19. The TEC must require that:

- a. TEOs indicate when an Evidence Portfolio is being submitted in respect of an eligible staff member who is a new and emerging researcher; and
- b. if a TEO considers that an Evidence Portfolio is likely to be assigned a quality category of R or R(NE), the TEO will not submit that Evidence Portfolio.

20. The TEC must establish criteria for determining when an eligible staff member can be considered to be a "new and emerging" researcher for the purposes of paragraph 19(a).

Evaluation of Evidence Portfolios

21. The TEC must use the QE process to allocate one of the following quality categories to each Evidence Portfolio:

- a. Category A;
- b. Category B;

- c. Category C;
- d. Category C(NE);
represents a quantum of research activity and quality by a new and emerging researcher at a level which is sufficient for recognition for funding purposes;
- e. Category R; or
represents a quantum of research activity and quality at a level which is insufficient for recognition for funding purposes;
- f. Category R(NE)
represents a quantum of research activity and quality by a new and emerging researcher at a level which is insufficient for recognition for funding purposes.

22. The quality categories C(NE) and R(NE) will only be available in respect of Evidence Portfolios provided for new and emerging researchers.

Funding

23. The TEC must develop a process for calculating PBRF funding on the basis of the QE, using the following criteria:
- a. the total number of eligible TEO staff whose Evidence Portfolios have been allocated a quality category of A, B, C, or C(NE);
 - b. the full-time equivalent status of those staff members with Evidence Portfolios that have been allocated a quality category of A, B, C, or C(NE); and
 - c. the subject areas of the Evidence Portfolios.
24. The quality categories must be reflected as numerical quality scores as follows:

Quality category	Numerical quality score
Category A	5
Category B	3
Category C	1
Category C(NE)	2
Category R or R(NE)	0

25. The subject areas must be given cost weightings as follows (excluding Evidence Portfolios considered by the panels listed in the table at paragraph 26):

Subject areas	Cost weightings
Arts, Social Sciences, Business, Accountancy, Law, Teaching	1
Science, Computing, Nursing, Music, Fine Arts	2
Engineering, Agriculture, Architecture, Audiology, Veterinary Science, Medicine, Dentistry, Specialist Large Animal Science	2.5

26. To take effect for funding allocations based on the results of the 2026 QE, the following changes to cost weightings will be applied:

Evidence Portfolios considered by the following panels	Cost weightings
Pacific Research	2.5
Māori Knowledge and Development	3

27. The TEC must allocate funding for QE based on the proportion of the total number of staff at participating TEOs whose Evidence Portfolios have been allocated a quality category of A, B, C and C(NE), weighted by the numerical quality scores, full time equivalent status of the staff members, the cost weightings for different subject areas, and the additional funding weighting for Māori and Pacific staff members.
28. Additional funding weightings for Māori and Pacific staff members will be applied as follows:
- a funding weighting of 2.5 for Evidence Portfolios submitted by Māori staff members; or
 - a funding weighting of 2 for Evidence Portfolios submitted by Pacific staff members.
29. The TEC must establish how to determine who qualifies as a Māori staff member or a Pacific staff member for this purpose.
30. If a researcher qualifies as both a Māori staff member and a Pacific staff member, the higher weighting will apply.

Research Degree Completions

Calculating RDC

31. The TEC must ensure that each TEO calculates completions of research-based postgraduate degrees in units of equivalent full-time student (EFTS). One (1.0) EFTS unit is defined as the student workload that would normally be carried out by a student enrolled full-time in a single academic calendar year.
32. The TEC must only allocate funding for completions of research-based postgraduate degrees that have a significant, externally-assessed, wholly-research component (at least 0.75 EFTS).

Funding

33. The TEC must develop a process for calculating PBRF funding on the basis of RDCs, using the following criteria:
- the volume of research in each research-based postgraduate degree; and
 - the relative costs of the subject area of each research-based postgraduate degree, in accordance with the subject-area weightings in paragraphs 25 and 26.

c. if applicable:

- i) an equity weighting of 2 added to the subject-area weighting for RDCs completed by Māori or Pacific researchers; or
- ii) a strategic weighting of 4 added to the subject-area weighting for a RDCs in which the content is entirely written in te reo Māori.

34. The TEC must allocate funding for RDCs based on the proportion of research-based postgraduate degrees completed at participating TEOs, weighted by research volumes, relative costs of the subject areas, and any equity or strategic weightings.

External Research Income

Sources of ERI

35. External research income includes income from public and private sources for research conducted by an eligible TEO (and/or a wholly-owned subsidiary) and includes research income from competitive sources within Vote Tertiary Education (excluding PBRF).

36. The TEC must ensure that each TEO reports eligible ERI, broken down into the following sources:

- a. Aotearoa New Zealand government contestable funds;
- b. Aotearoa New Zealand public sector contract research;
- c. Aotearoa New Zealand non-government income; and
- d. overseas research income.

Funding

37. The TEC must develop a process for calculating PBRF funding on the basis of ERI, with the following weightings taking effect for ERI received from 1 January 2022, according to the following weightings by income source as follows:

Sources of external research incomes	Weightings
Aotearoa New Zealand government contestable funds and Aotearoa New Zealand public sector contract research	1
Non-Government income within Aotearoa New Zealand	4
Overseas research income	3.5

38. The ERI weighting changes will be applied first to the data for 2022 that will be reported by TEOs to the TEC in 2023. This ERI data will start to determine funding allocated from the indicative allocations for the 2024 calendar year. Any ERI data reported by TEOs for years prior to 2022 will continue to be weighted at the rates set out in the 2014 funding determination, which are also set out in the table below:

Sources of external research incomes	Weightings
Aotearoa New Zealand government contestable funds and Aotearoa New Zealand public sector contract research	1
Non-Government income from within Aotearoa New Zealand	2
Overseas research income	1.5

39. The TEC must allocate funding for ERI based on the proportion of total ERI earned by participating TEOs, weighted by funding source.

PART TWO: FUNDING CONDITIONS

General conditions that the TEC must attach to funding

40. The TEC must impose the following specific conditions on funding provided to each TEO under this funding mechanism.

Tertiary Education Organisations

41. The TEC must attach a condition that TEOs that receive funding from the PBRF under this funding mechanism must continue to meet all the eligibility criteria specified in paragraphs 11 to 13 of this funding mechanism for the length of the funding period.
42. The TEC must attach a condition that TEOs that receive funding from the PBRF under this funding mechanism must:
- ensure that staff members included in the QE process meet the criteria specified at paragraph 17;
 - comply with the requirements of paragraph 19;
 - calculate RDCs in accordance with paragraph 31; and
 - report their ERI in accordance with paragraph 36.

Responsible Use of Funding

43. The TEC must attach a condition that TEOs that receive funding under this funding mechanism must use the funding:
- lawfully and responsibly; and
 - in a manner consistent with the appropriate use of public funds.

Recovery of funding

44. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
- is repayable on demand; and

- b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

45. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

TEC Administrative Responsibilities

46. If a TEO receives funding under this funding mechanism that is less than it should have been, or less than it was entitled to receive, the TEC must treat the amount of the under-funding as a credit and pay the amount as soon as is reasonably practicable.

Repayment of funding following revocation of funding approval

47. The TEC must attach to funding a condition that if, in accordance with clause 16, Schedule 18 of the Act, the TEC suspends, revokes, or withdraws some or all of a TEO's funding paid under this funding mechanism before that funding has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown that:

- a. is repayable on demand; and
- b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: strategic component of the unified funding system for vocational education and training

I am writing to advise you of my determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for the strategic component of the unified funding system for vocational education and training. This is one of two determinations for the unified funding system for vocational education and training.

The new determination is set out in the appendix to this letter. The determination covers funding delivered from 1 January 2024.

Under section 422 of the Act, it is the Tertiary Education Commission's (TEC) responsibility to develop the details needed to implement my determinations of the design of funding mechanisms.

Yours sincerely

Hon Jan Tinetti
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: STRATEGIC COMPONENT OF THE UNIFIED FUNDING SYSTEM FOR VOCATIONAL EDUCATION AND TRAINING

Statutory authority

1. This determination, which is made under section 419 of the Education and Training Act 2020 (the Act), specifies the design of the funding mechanism for the strategic component of the unified funding system for vocational education and training.

Purpose of the unified funding system for vocational education and training

2. The unified funding system is designed to incentivise providers to:
 - a. support learners to transition to work-based training;
 - b. enhance support for employers;
 - c. increase and improve success and support for all learners;
 - d. respond to national and regional skills priorities; and
 - e. ensure a strong and sustainable regional network of provision.

PART ONE: THE FUNDING MECHANISM

Purpose of this fund

3. This fund provides funding unlinked to learner enrolments to support the tertiary sector to progress strategic priorities for vocational education and training.
4. This fund comprises two elements:
 - a. Element 1: Responding to national and regional skills priorities, informed by advice from Workforce Development Councils (WDCs) and Regional Skills Leadership Groups (RSLGs); and
 - b. Element 2: Supporting programme development and maintenance aligned with the Reform of Vocational Education objectives.

Effective period

5. This funding mechanism relates to funding for activities from 1 January 2024.
6. The Tertiary Education Commission (TEC) may exercise any of its administrative functions as required to give effect to this funding mechanism before this date.

Available funding

7. The amount of government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

Eligible organisations

8. The TEC may only fund an organisation under this determination, if the organisation is one of the following:
 - a. Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga);
 - b. a wānanga; or
 - c. a private training establishment (PTE).
9. The TEC must pay funding to Te Pūkenga and wānanga as on-Plan funding under section 425 of the Act.
10. The TEC must pay funding to PTEs as off-Plan funding under section 428 of the Act; and such funding can be allocated for one-, two- or three-year terms.

Element 1: National and Regional Skills Priorities

11. No more than 70% of the funding available for the Element 1 must be allocated to Te Pūkenga.
12. No more than 30% of the funding available for the Element 1 must be allocated to PTEs.
13. I expect the TEC to ensure Te Pūkenga uses funding allocated for Element 1 to:
 - a. meet its Charter obligations outlined in Schedule 13 of the Act, including meeting the education and training needs of regions throughout New Zealand; and
 - b. respond to the national and regional skill priorities identified by WDCs and RSLGs.
14. I expect the TEC to ensure PTEs use funding allocated for Element 1 to develop and deliver innovative projects, initiatives and provision that respond to the national and regional skills priorities informed by advice from WDC and RSLG advice and set by TEC.
15. The TEC has discretion to set additional assessment and eligibility criteria to ensure that funding for Element 1 is used in line with its intended purpose.
16. The TEC has discretion to set reporting requirements to ensure funding for Element 1 is used in line with its intended purpose.

Element 2: Programme Development and Maintenance

17. No more than 60% of the funding available for the Element 2 must be allocated to Te Pūkenga.
18. No more than 10% of the funding available for the Element 2 must be allocated to wānanga.

19. No more than 30% of funding available for Element 2 must be allocated to PTEs.
20. I expect the TEC to ensure that TEOs use funding allocated for Element 2 to:
 - a. either:
 - i. develop new programmes and micro-credentials that are innovative and flexible; or
 - ii. review and maintain existing programmes and micro-credentials; and
 - b. support the realisation of the Tertiary Education Strategy (TES) and other key education strategic objectives, and ensure that its use is aligned with the purpose of the unified funding system and the advice of WDCs.
21. When allocating funding for this element, the TEC must ensure that a suitable proportion of funding is allocated to programmes (or component parts of programmes) that are funded as provider-based: extramural delivery under the unified funding system, in recognition of the different cost structures of these programmes. The TEC has discretion to determine what may be a suitable proportion to be allocated.
22. The TEC may also use this funding to support PTEs to transition and adapt to the new incentives of the unified funding system. The TEC will set criteria for eligibility for PTE transition funding. Criteria may include:
 - a. PTEs facing a significant decrease of vocational education funding as a result of the unified funding system (being equal to or greater than 10 percent of their 2021 funding);
 - b. niche: the only provider delivering a particular or specialist area of provision within the region or nationally; and
 - c. strategic priority: delivering provision in a priority area for New Zealand.
23. I expect the amount of funding allocated in 2024 for PTE transitions support is no more than half of that allocated for that purpose in 2023.
24. The TEC has discretion to set additional assessment and eligibility criteria to ensure funding for Element 2 is used in line with its intended purpose.
25. The TEC has discretion to set reporting requirements to ensure that funding for Element 2 is used in line with its intended purpose.

PART TWO: FUNDING CONDITIONS

Conditions that TEC must attach to funding (off-Plan funding)

26. The TEC may impose any conditions on funding paid under this funding mechanism under section 428 of the Act that it considers necessary to ensure that funding will achieve the purpose for which it has been allocated.

27. The TEC must attach to funding for PTEs a condition that PTEs must use the funding allocated for Element 1 to:
- a. develop and deliver innovative projects, initiatives and provision that respond to the national and regional skills priorities informed by advice from WDC and RSLG and set by TEC; and
 - b. meet any additional assessment and eligibility criteria specified by the TEC under paragraph 15.

Conditions that the TEC must attach to funding (on-Plan funding)

28. The TEC must attach to funding for Te Pūkenga a condition that Te Pūkenga must use the funding allocated for Element 1 to:
- a. meet its Charter obligations outlined in Schedule 13 of the Act, including meeting the education and training needs of regions throughout New Zealand;
 - b. respond to the national and regional skill priorities identified by WDCs and RSLGs; and
 - c. meet any additional assessment and eligibility criteria specified by the TEC under paragraph 15.
29. The TEC must attach to funding allocated for Element 1 a condition that a TEO must meet any reporting requirements specified by the TEC under paragraph 16.

Conditions that the TEC must attach to all funding (on-Plan and off-Plan funding)

Eligible organisations

30. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must meet, and for the length of the funding period continue to meet, all of the eligibility criteria specified in paragraph 8 of this funding mechanism.

Use of funding

31. Unless the funding has been allocated for transitional support, the TEC must attach to funding allocated for Element 2 a condition that a TEO must use the funding to:
- a. either:
 - i. develop new programmes and micro-credentials that are innovative and flexible; or
 - ii. review and maintain existing programmes and micro-credentials; and

- b. support the realisation of the Tertiary Education Strategy (TES) and other key education strategic objectives, and ensure its use is aligned with the purpose of the unified funding system and the advice of WDCs.
- 32. The TEC must attach to funding allocated for Element 2, a condition that a TEO must meet any additional assessment and eligibility criteria specified by the TEC under paragraph 24.
- 33. The TEC must attach to funding allocated for Element 2, a condition that a TEO must meet any reporting requirements specified by the TEC under paragraph 25.
- 34. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must use the funding:
 - a. lawfully, responsibly, and for the purposes for which it is provided; and
 - b. in a manner consistent with the appropriate use of public funds.

Recovery of funding

- 35. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
 - a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
- 36. In addition to paragraph 35, the TEC must attach to funding a condition that, if a TEO receives funding under this funding mechanism that has not been contractually committed towards the purposes for which funding was provided as at the end of the year for which the funding is allocated, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
 - a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
- 37. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

TEC administrative responsibilities

- 38. If the TEO receives funding under this funding mechanism that is less than it should have been, or less than it was entitled to receive, the TEC must treat the amount of the under-funding as a credit and pay the amount as soon as is reasonably practicable.

Repayment of funding following revocation of funding approval

39. The TEC must attach to funding a condition that if, in accordance with clause 16 or 26 (as the case may be) of Schedule 18 of the Act, the TEC suspends or revokes some or all of a TEO's funding paid under this funding mechanism before that funding has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown that:
- a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: Te Tahua o Te Reo Kairangi

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for Te Tahua o Te Reo Kairangi.

The new determination is set out in the appendix of this letter. The determination provides direction to the Tertiary Education Commission (TEC) on the design of Te Tahua o Te Reo Kairangi and high-level details of its operation.

Te Tahua o Te Reo Kairangi supports the growth of intergenerational language transmission and the building of a workforce that is proficient in te reo Māori, especially within the education workforce. This will contribute to the Government's goals and strategies for te reo Māori language education as articulated in Maihi Karauna, Tau Mai Te Reo and the Tertiary Education Strategy.

Under section 422 of the Act, it is the TEC's responsibility to develop the details needed to implement my determinations of the design of funding mechanisms.

Ngā mihi,

Hon Jan Tinetti
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: TE TAHUA O TE REO KAIRANGI

PRELIMINARY PROVISIONS

Introduction and Statutory Authority

1. This determination is made under section 419 of the Education and Training Act 2020 (the Act) and specifies the design of the funding mechanism for Te Tahua o Te Reo Kairangi (the Fund).

Purpose

2. The purpose of the Fund is to support:
 - a. the growth and development of te reo Māori proficiency through tertiary education;
 - b. language revitalisation through the development and delivery of new or existing programmes and micro-credentials that contribute to high levels of language proficiency; and
 - c. the development of immersion delivery in tertiary education settings.

Off-plan funding

3. The Tertiary Education Commission (TEC) must pay funding allocated through this funding mechanism under section 428 of the Act.

PART ONE: THE FUNDING MECHANISM

General Parameters

Effective period dates

4. This funding mechanism relates to funding provision that meets the criteria from 1 January 2024.
5. The TEC may exercise any of its administrative functions before 1 January 2024 as required to give effect to this funding mechanism.

Eligible Organisations

6. The TEC may only fund a tertiary education organisation (TEO) under this funding mechanism if it is one of the following:
 - a. Te Pūkenga—New Zealand Institute of Skills and Technology (Te Pūkenga);
 - b. a private training establishment (PTE);
 - c. a wānanga; or
 - d. a university.

Eligibility of programmes or micro-credentials

7. The TEC must ensure that the funding allocated to a TEO under this funding mechanism is only used for:
 - a. new programmes or micro-credentials in te reo Māori delivered at Level 5 and above on the New Zealand Qualifications and Credentials Framework (NZQCF) that either:
 - i. support high levels of proficiency; or
 - ii. will be delivered in immersion settings; or
 - b. existing programmes or micro-credentials in te reo Māori delivered at Level 5 and above on the NZQCF that constitute a material expansion and/or improvement of the existing programme or micro-credential (and not 'business as usual' development or programme maintenance) and either:
 - i. support high levels of proficiency; or
 - ii. are delivered in immersion settings.

Available Funding

8. The amount of Government funding that can be allocated under this funding mechanism will be set through the Government's annual budget processes.

Allocation of Funding

9. The TEC must develop a process for allocating funding to TEOs that:
 - a. is consistent with the purpose of the Fund;
 - b. is consistent with Te Tiriti o Waitangi;
 - c. excludes provision that is at NZQCF Level 4 and below, unless delivered as part of a programme or micro-credential at Level 5 and above;
 - d. contributes to the Government's goals and strategies of language revitalisation and the Government's education goals more generally; and
 - e. has regard to the Whakamātauria Tō Reo Māori framework, the Language Proficiency Framework¹ developed by Te Taura Whiri i te Reo Māori with the intention that learners progress through the framework levels toward higher levels of proficiency.
10. The TEC must only provide funding from the Fund to eligible TEOs as outlined in paragraph 6, and for eligible programmes and micro-credentials or as outlined in paragraph 7.

¹ See <https://en.tetaurawhiri.govt.nz/lfe#Framework>

PART TWO: FUNDING CONDITIONS

General conditions for off-Plan funding

11. The TEC must impose any conditions on funding allocated under this funding mechanism that it considers necessary to ensure that funding will achieve the purpose for which it has been allocated.

General conditions that the TEC must attach to funding

12. The TEC must attach the following specific conditions (detailed in paragraphs 13 to 20) on funding allocation under this funding mechanism.
13. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must meet and continue to meet the relevant eligibility criteria for TEOs specified in paragraph 6 of this funding mechanism.
14. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that the existing or new programmes or micro-credentials for te reo Māori provision for which the funding is provided meet and continue to meet the criteria specified in paragraph 7 of this funding mechanism.
15. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism, must develop a process for how it will measure the impacts of this funding.

Performance expectations and reporting

16. The TEC must attach to funding any necessary funding conditions relating to the performance measurement and reporting requirements for TEOs that receive funding under this funding mechanism.

Responsible use of funding

17. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must use the funding:
 - a. lawfully and responsibly; and
 - b. in line with the purpose of the Fund; and
 - c. in a manner consistent with the appropriate use of public funds.

Recovery of funding

18. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
 - a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by

the TEC to the TEO.

19. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

Repayment of funding following revocation of funding approval

20. The TEC must attach to funding a condition that if, in accordance with clause 26 of Schedule 18 of the Act, the TEC suspends or revokes some or all of a TEOs funding paid under this funding mechanism before that funding has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown that:

- a. is repayable on demand; and
- b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

TEC Administrative Responsibilities

21. If a TEO receives funding under this funding mechanism that is less than it should have been, or less than it was entitled to receive, the TEC must treat the amount of the under-funding as a credit and pay the amount as soon as is reasonably practicable.

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: Youth Guarantee

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for Youth Guarantee.

The new determination is set out in the appendix to this letter. The determination covers the funding of provision delivered from 1 January 2024. The new determination includes a 5.0 percent increase to all funding rates specified in the determination.

Under section 422 of the Act, it is the Tertiary Education Commission's (TEC) responsibility to develop the details needed to implement my determinations of the design of funding mechanisms.

Yours sincerely,

Hon Jan Tinetti
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: YOUTH GUARANTEE

PRELIMINARY PROVISIONS

Statutory authority

1. This funding mechanism for Youth Guarantee funding is made under section 419 of the Education and Training Act 2020 (the Act).

Purpose

2. The purpose of Youth Guarantee funding under this funding mechanism is to provide fees-free tertiary study for:
 - a. eligible domestic students aged 16 to 24 years (inclusive) who are studying towards either the National Certificate of Educational Achievement (NCEA) Level 1, 2 or 3 aligned to the Vocational Pathways,¹ or another qualification at Level 1, 2 or 3 on the New Zealand Qualifications and Credentials Framework (NZQCF), which is intended to enable learners to progress to higher-level education or employment; and
 - b. eligible domestic students aged 16 to 24 years (inclusive) who are studying towards a qualification at Level 3 on the NZQCF; places at Level 3 on the NZQCF are intended to be prioritised to learners who study towards Level 1 and 2 qualifications in Youth Guarantee and progress to Level 3 study during their entitlement of 2.5 equivalent full-time students (EFTS), and to learners who have no or low (Level 1) prior achievement before enrolling in Youth Guarantee.

On-Plan funding

3. The Tertiary Education Commission (TEC) must pay funding under this funding mechanism under section 425 of the Act.

PART ONE: THE FUNDING MECHANISM

General parameters

Effective period dates

4. This funding mechanism applies to funding for eligible programmes delivered from 1 January 2024.
5. The TEC may exercise any of its administrative functions outside those dates as required to give effect to this funding mechanism.

¹'Aligned to the Vocational Pathways' means all the achievement and unit standards in a programme are either sector-related or recommended standards from the Vocational Pathways. NCEA Level 2 programmes aligned to Vocational Pathways must lead to at least one Vocational Pathways Award.

Available funding

6. The amount of Government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

TEC Administrative Responsibilities

7. If a tertiary education organisation (TEO) receives funding under this funding mechanism that is less than it should have been, or than it was entitled to receive, the TEC must pay the amount of the under-funding as soon as is reasonably practicable.

SPECIFIC PARAMETERS

Funding formula and rate

8. The TEC must measure Youth Guarantee provision enrolments in units of EFTS.
9. One (1.0) EFTS unit is defined as the learner workload that would normally be carried out by a learner enrolled full-time in a single academic or calendar year.
10. The TEC must classify Youth Guarantee provision into one of the following funding categories:
 - a. non-trades; or
 - b. trades.
11. The TEC must use the funding rates for each of the funding categories to calculate the amount of funding that an eligible TEO may receive. All amounts are GST exclusive.

Funding per EFTS	Non-Trades	Trades
Fee & Course Costs (tuition rate)	\$10,728	\$14,680
Wellbeing and Pathways Support Rate (tuition rate)	\$2,100	\$2,100
Tuition Rate total	\$12,828	\$16,780
+ Transport Assistance	\$1,050	\$1,050
GRAND TOTAL	\$13,878	\$17,830

12. When allocating funding for Youth Guarantee provision, the TEC must consider, without limitation, the following:
 - a. the nature of the programmes offered by a TEO;
 - b. the wellbeing and learning support arrangements for learners; and
 - c. a TEO's past performance against Youth Guarantee performance criteria.

Flexible funding

13. The TEC must establish criteria, based on minimum thresholds for organisational and educational performance, for determining under which circumstances a TEO qualifies for the additional funding described in paragraph 15 (a "qualifying TEO").
14. However, a TEO is not a qualifying TEO unless it is approved by the TEC to receive no less than \$235,560.00 for Youth Guarantee provision in the calendar year, excluding any funding allocated for the Wellbeing and Pathways Support rate.
15. If a TEO meets the criterion specified in paragraph 14, and if the value of provision actually delivered by the TEO, as measured in dollars, is greater than the value of their approved funding allocation, the TEC must allocate funding up to the following limits, either:
 - a. 2% of their approved funding allocation; or
 - b. 10 EFTS;whichever is greater.
16. If a TEO receives flexible funding, the TEC must ensure that the TEO is allocated the wellbeing and pathways support funding at the rate specified for each EFTS for whom it receives flexible funding.
17. The TEC may establish criteria to allocate funding above the additional funding limits specified in paragraph 15 provided the TEC has assessed whether the funding available under this funding mechanism is sufficient for the TEC to provide funding above those limits.

Exceptional Circumstances Transport Assistance fund

18. The purpose of the Exceptional Circumstances Transport Assistance fund is to provide additional transport assistance to learners who live in relatively isolated areas who may have higher transport needs.
19. The TEC may spend up to \$1.0 million of funding under this funding mechanism through the Exceptional Circumstances Transport Assistance fund to semi-rural and rural TEOs that provide Youth Guarantee.
20. The TEC must establish an allocation process for the Exceptional Circumstances Transport Assistance fund that uses a formula of relative isolation to determine which TEOs that provide Youth Guarantee provision are semi-rural or rural.
21. The TEC may use any unallocated Exceptional Circumstances Transport Assistance funding to fund additional Youth Guarantee provision EFTS.

TEO eligibility

22. The TEC may only fund a TEO under this funding mechanism for Youth Guarantee provision if the TEO is:
- a. Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga);
 - b. a wānanga;
 - c. a private training establishment (PTE); or
 - d. a State school or State-integrated school that has been funded by the TEC for Youth Guarantee provision since 2011.

TEO quality assurance

23. The TEC may only fund a TEO under this funding mechanism for Youth Guarantee provision if the TEO is quality assured as follows:
- a. if the TEO is a wānanga, Te Pūkenga, or a registered PTE, the TEO must be quality assured by the New Zealand Qualifications Authority (NZQA); or
 - b. if the TEO is a State or State-integrated school, the TEO is quality assured by the Education Review Office.

Learner eligibility

24. The TEC must ensure that a TEO that receives funding for Youth Guarantee provision only enrolls a learner in Youth Guarantee provision if the learner is:
- a. a domestic student, as defined in section 10(1) of the Act;
 - b. not also enrolled in secondary school; and
 - c. is either:
 - i. 16 to 24 years of age (inclusive) at the time they commence the programme; or
 - ii. 15 years of age at the time they commence the programme, and has an early leaving exemption from their school.
25. In addition, the TEC must:
- a. ensure that a TEO that receives funding for Youth Guarantee provision does not enrol a learner in a Youth Guarantee programme who has already achieved a qualification at Level 3 or above on the NZQCF;
 - b. encourage a TEO that receives funding for Youth Guarantee provision at Level 3 on the NZQCF to give priority for Level 3 provision to:
 - i. learners with no or low (Level 1) prior achievement; and

- ii. learners who have completed a Level 1 or Level 2 qualification through Youth Guarantee provision; and
 - c. monitor the prior achievement levels of learners enrolled in each TEO's Youth Guarantee provision at Level 3.
26. A learner who meets the criteria in paragraph 24 is only eligible to receive a total of up to 2.5 EFTS worth of Youth Guarantee provision. The TEC may specify exceptions from this 2.5 EFTS limit.
27. The TEC must establish the requirements that TEOs must comply with to verify each learner's identity and confirm that a learner is a valid enrolment. The TEC may specify exceptions from the eligibility criterion in paragraph 24(b).

Inducements

28. Even if a learner meets the criteria specified in paragraphs 24 and 25, the enrolment is not a valid enrolment for the purposes of this funding mechanism if it has been secured by way of an inducement.
29. An inducement may include a financial incentive or on-going personal possession of physical items where they induce a learner to enrol.
30. The TEC must establish criteria for determining what constitutes an inducement.

Programme eligibility

31. The TEC must not fund Youth Guarantee provision under this funding mechanism unless the programme:
- a. leads to the award of a qualification that is either:
 - i. NCEA at Level 1, 2 or 3; or
 - ii. another National or New Zealand Certificate at Level 1, 2 or 3 on the NZQCF;
 - b. includes literacy and numeracy provision;
 - c. comprises part of a recognised pathway² towards one or more vocational qualifications at Level 4 and above on the NZQCF;
 - d. if it leads to a Level 1 or 2 NCEA qualification, is aligned to the Vocational Pathways; and
 - e. is provided by tutors who are appropriately qualified.

Ineligible programmes

32. The TEC must ensure that funding paid to a TEO under this funding mechanism is not used for a programme where the TEC considers on reasonable grounds that a majority of the programme relates to health and safety or regulatory compliance learning that would displace the responsibility of employers to provide training necessary to mitigate health and safety risks and/or meet their regulatory compliance obligations.

²As determined by the NZQA.

Cap on Youth Guarantee provision at Level 3

33. The TEC must not allocate more than 30% of the total funding available to be allocated under this funding mechanism for programmes at Level 3 on the NZQCF, including the NCEA Level 3.

Performance measurement

34. The TEC must measure the performance of TEOs funded for Youth Guarantee provision against the following performance criteria:
- a. learner retention;
 - b. course completion;
 - c. qualification completions;
 - d. learner progression to higher-level study;
 - e. student progression to employment.
35. The TEC must set performance expectations and hold performance information in relation to Youth Guarantee programmes leading to the relevant qualifications at Levels 1, 2 and 3 on the NZQCF.

Pathway plans for learners

36. The TEC must require providers, as a condition of funding, to develop a pathway plan to support higher level learning and/or employment.

PART TWO: FUNDING CONDITIONS

Conditions that the TEC must attach to funding

37. The TEC must attach the following specific conditions to funding paid under this funding mechanism.

TEOs

38. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, for the length of the funding period, continue to meet the criteria specified in paragraphs 22 and 23 of this funding mechanism.

Learners

39. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each learner who is enrolled in a programme funded under this funding mechanism meets and continues to meet the criteria specified in paragraph 24 of this funding mechanism.

Programmes

40. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a programme in which an eligible learner is enrolled meets and continues to meet the criteria specified in paragraphs 31 and 32 of this funding mechanism.
41. The TEC must attach to funding a condition that a TEO must develop a pathway plan as specified in paragraph 36.
42. The TEC must attach to funding, a condition that a TEO must not use funding paid under this funding mechanism to fund a programme where the majority of the programme relates to health and safety or regulatory compliance, as excluded in paragraph 32.

Reporting withdrawals to Ministry of Social Development

43. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must report the withdrawals of learners to the Ministry of Social Development within five working days of each withdrawal. This is to enable student loans and student allowances to be cancelled as soon as possible.

TEO responsibilities for Youth Guarantee provision

44. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
 - a. must not subcontract any of the funded activities without the prior written consent of the TEC and without the prior written approval by NZQA where the TEO is quality assured by NZQA;
 - b. has in place an effective assessment process for determining the literacy and numeracy needs of eligible learners and provides support to ensure that those learners progress in line with the guidelines provided by TEC;
 - c. must assign each course to a classification and related codes, as specified by the TEC; and
 - d. must meet minimum performance expectations specified by the TEC.
45. The TEC must attach to funding a condition that a TEO that receives funding for Youth Guarantee provision must not enrol a learner in Youth Guarantee provision if:
 - a. the learner:
 - i. has already received 2.5 EFTS of Youth Guarantee provision; or
 - ii. the learner would, if enrolled by the TEO, exceed 2.5 EFTS of Youth Guarantee provision during the period of that enrolment; and
 - b. the learner does not meet any exceptions specified by the TEC.
46. The TEC must establish processes to prevent a TEO from receiving funding in relation to a new enrolment of a learner if:

- a. that learner has already achieved a qualification at Level 1 or 2 on the NZQCF; and
 - b. 10% or more of the learners for which the TEO receives Youth Guarantee funding in the calendar year had, at the time of their enrolment, already achieved a qualification at Level 1 or 2.
47. The TEC may recover funding if a TEO exceeds the prior qualification limit in paragraph 46.
48. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
- a. must ensure that the transport assistance and exceptional circumstances transport funding is only used to pay for the actual cost of the transport incurred by the TEO or each learner to whom it is paid;
 - b. must keep records of expenditure on transport assistance; and
 - c. must, if the TEO is allocated funding to deliver programmes at Level 3 on the NZQCF, ensure that it does not exceed that allocation. The TEC may recover funding if the TEO exceeds its allocation for programmes at Level 3 on the NZQCF.

Fees

49. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
- a. must not charge any fees to learners enrolled in courses funded under this funding mechanism;
 - b. must pay for the necessary equipment, infrastructure and hardware required to deliver a particular programme³; and
 - c. in relation to the provision of essential equipment, including computers, must not require the costs to be met through the “course-related costs” component of the Student Loan Scheme.

No other funding

50. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
- a. must not (without the TEC’s prior written consent) seek or obtain funding from any Crown source (including a Crown entity or a company wholly owned by the Crown) other than the TEC to fund provision, programmes or activities which are funded under this funding mechanism; and
 - b. must notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of subparagraph (a) of this condition.

³ The phrase “equipment, infrastructure and hardware” refers to items that can be used by successive intakes of learners. It does not include personal items which are provided for individual learner use and which the TEO does not retain for the next intake of learners.

Responsible use of funding

51. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism, must use the funding:
- lawfully, responsibly, and for the purposes for which it is provided; and
 - in a manner consistent with the appropriate use of public funds.

Recovery of funding

52. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
- is repayable on demand; and
 - may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
53. Paragraph 52 also applies to any funding for transport assistance and exceptional circumstances travel assistance that is unused by the end of the funding period.
54. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment to set-off the debt against all or any funding.
55. The TEC must not recover any funding allocated to a TEO under the wellbeing and pathways support, unless paid in error.

Repayment of funding following revocation of funding approval

56. The TEC must attach to funding a condition that if, in accordance with clause 16 of Schedule 18 of the Act, the TEC suspends or revokes some or all of a TEO's funding paid under this funding mechanism before that funding provided has been used or contractually committed towards the purposes for which that funding was provided, the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown that:
- is repayable on demand; and
 - may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn,

Updated delegation to fund Fees Free tertiary education and training in 2024

I am writing to advise you of an updated delegation to administer funding for Fees Free tertiary education and training from 1 January 2024, in accordance with section 409(1)(j) of the Education and Training Act 2020 (the Act). This replaces the delegation to fund Fees Free tertiary education and training in 2023 in respect of the Fees Free tertiary education and training policy.

I note that the following changes to the Fees Free policy took effect from 1 January 2023 [METIS 1290083 refers]:

- a. provider-based courses or credentials with zero tuition fees and zero compulsory course costs will no longer impact learners' Fees Free eligibility or consume an eligible learner's Fees Free entitlement; and
- b. learners who would previously have been eligible for Fees Free industry training on the basis that they were legally entitled to reside and work in New Zealand will no longer be eligible for Fees Free support. Work-based learners will now need to meet the citizenship and residency criteria as set out in paragraphs 6(a) or 6(b) to be eligible for Fees Free industry training unless the circumstances in paragraphs 6(c) or 6(d) apply.

Fees Free Tertiary Education and Training Policy (the Fees Free policy)

Purpose

1. The purpose of the Fees Free policy is to make the first year of provider-based tertiary education, or the first two years of industry training, fees-free for provision that is funded through either of the following funding determinations:
 - a. *Non-degree delivery at levels 3-7 on the New Zealand Qualifications and Credentials Framework (NZQCF) and all industry training (DQ3-7 fund);*
 - b. *Delivery on the NZQCF at levels 7 (degree) and above (DQ7+ fund).*
2. The Fees Free policy supports the Government's commitment to make tertiary education and training affordable for all by:

- a. improving affordability and reducing debt levels;
- b. expanding access and participation, especially for those who have not previously studied or those for whom finance has been a real barrier to participation;
- c. supporting lifelong learning; and
- d. 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.

Definition of provider-based and work-based learner

3. For the purposes of this funding delegation:

- a. Provider-based learner means a learner who is enrolled in a course or credential that is funded through:
 - i. the DQ3-7 fund, but excludes provision that would previously have been funded through the Industry Training Fund (ITF); or
 - ii. the DQ7+ fund; or
 - iii. grants under section 556 of the Act for tertiary provision towards a qualification on the NZQCF at Level 3 or above, or a micro-credential at Level 3 or above approved by the New Zealand Qualifications Authority (NZQA).
- b. Work-based learner means a learner who is enrolled in a programme that is funded through the DQ3-7 fund that would previously have been funded through the ITF;
- c. Learner means both a provider-based learner and a work-based learner as defined above.

Delegation to determine eligibility

- 4. I delegate to the TEC, in accordance with section 409(1)(j) of the Act, the authority to determine whether a learner is eligible for Fees Free tertiary education provision by applying the criteria set out below.

Citizenship or residency criteria – provider-based learner

- 5. For a provider-based learner to be eligible for Fees Free tertiary education, they must be one of the following:
 - a. a New Zealand citizen; or
 - b. a holder of the Christchurch Response (2019) Permanent Resident Visa; or
 - c. a holder of a residence class visa who would have been eligible for the Christchurch Response (2019) Permanent Resident Visa; or

- d. a holder of a residence class visa who is a family member¹ of a living person, where that living person is:
- i. the holder of a Christchurch Response Visa residing in or outside of New Zealand; or
 - ii. a New Zealand citizen residing in or outside of New Zealand, who:
 - 1. was a resident visa holder under the Immigration Act 2009 on 15 March 2019 and was eligible for a Christchurch Response Visa; or
 - 2. would have been eligible for a Christchurch Response Visa had they not already been the holder of a permanent resident visa under the Immigration Act 2009 on 15 March 2019; or
 - 3. would have been eligible for a Christchurch Response Visa had they not already been a New Zealand citizen on 15 March 2019; or
 - 4. was granted New Zealand citizenship after holding a Christchurch Response Visa; or
 - iii. the holder of a permanent resident visa under the Immigration Act 2009 residing in or outside of New Zealand, who:
 - 1. was a resident visa holder under the Immigration Act 2009 on 15 March 2019 and was eligible for a Christchurch Response Visa;
 - 2. would have been eligible for a Christchurch Response Visa had they not already been the holder of a permanent resident visa under the Immigration Act 2009 or on 15 March 2019;
 - iv. is the holder of a resident visa under the Immigration Act 2009 residing in or outside of New Zealand, who held the resident visa on 15 March 2019 and who was eligible for a Christchurch Response Visa; or
- e. a holder of the Afghan Emergency Resettlement Resident Visa; or
- f. a holder of a residence class visa and:
- i. ordinarily resident in New Zealand and have held a residence class visa for at least three years while living in New Zealand; or

¹ For family members to be eligible, their residence class visa must be granted between 15 March 2019 and 31 December 2024. Family member, for the purpose of paragraph 5(d) is defined as partners, children (both dependent and non-dependent), grandchildren, parents, grandparents, siblings, aunts, uncles, nieces, nephews, first cousins (i.e., a child of an aunt or uncle), parents-in-law, siblings-in-law, children-in-law, as well as step-children, step-parents and step-siblings.

- ii. a person granted refugee or protected person status, or a family member granted a residence visa with the person granted refugee or protected person status²; or
 - iii. sponsored into New Zealand by someone in their family who, at the time of sponsorship, was a refugee or protected person; or
- g. a person granted refugee or protected person status, prior to gaining a residence visa; or
- h. an immediate family member, without a residence visa and residing in New Zealand, of a person granted refugee or protected person status, as defined as:
 - i. the partner and any child in New Zealand, of a person under paragraph 5(g)
 - ii. the parent and any sibling in New Zealand, of a person under paragraph 5(g) who is a dependent child.

Eligibility criteria – work-based learner

- 6. For a work-based learner to be eligible for Fees Free tertiary education, they must be one of the following:
 - a. one of the persons specified in paragraphs 5(a-e) or 5(g-h) above; or
 - b. a holder of a residence class visa and:
 - i. ordinarily resident in New Zealand; or
 - ii. a person granted refugee or protected person status, or a family member granted a residence visa with the person granted refugee or protected person status³; or
 - iii. sponsored into New Zealand by someone in their family who, at the time of sponsorship, was a refugee or protected person; or
 - c. employed in a role specified on the Green List or within a Sector Agreement⁴ and:
 - i. enrolled in a programme or credential approved for a tuition subsidy by TEC; and

² This includes family members of a person with refugee or protected person status who are granted residency together, with the person who holds refugee or protected person status. This would be a residence visa through the refugee and protection category for people who are granted refugee or protected person status while residing in New Zealand.

³ This includes family members of a person with refugee or protected person status who are granted residency together, with the person who holds refugee or protected person status. This would be a residence visa through the refugee and protection category for people who are granted refugee or protected person status while residing in New Zealand.

⁴ The green list provides a straight to residence and residence pathway to attract migrants into highly skilled, hard to fill positions in global demand. Sector agreements for the care, construction and infrastructure, meat processing, seafood, and the seasonal snow and adventure tourism sectors allow for limited exceptions to the median wage requirement when employing migrant workers, in exchange for ongoing improvements within these sectors.

- ii. the TEO in which the learner is enrolled would be eligible to receive tuition subsidies in respect of the learner; and
 - iii. the learner has a signed training agreement and commences training on or after 1 January 2023; or
- d. a learner who:
- i. would have been eligible under previous Fees Free delegations for Fees Free industry training; and
 - ii. will no longer be eligible as they do not meet the eligibility criteria set out in paragraphs 6(a-c); and
 - iii. who has a training agreement in place and commenced training before 1 January 2023.

Prior study or training criteria

7. To be eligible for Fees Free tertiary education or training, a learner must have either:
- a. been enrolled in a school in the current calendar year this delegation applies to, or in the preceding two calendar years⁵ other than as an adult student; or
 - b. not undertaken more than half a year of equivalent full-time tertiary education (0.5 equivalent full-time student (EFTS) units or 60 credits) at Level 3 or above on the NZQCF, including tertiary education or training at an equivalent level undertaken in any country.
8. The following must not be included in measures of prior tertiary education or training when determining eligibility for Fees Free:
- a. any tertiary education undertaken while enrolled in school prior to 1 January 2019 (except for tertiary education undertaken as an adult student);
 - b. any tertiary courses undertaken as part of a school learning programme, or secondary-tertiary programme on or after 1 January 2019;
 - c. any credits achieved as part of any industry training programme of fewer than 120 credits that were reported after 1 January 2018;
 - d. any courses or credentials funded by the TEC undertaken after 1 January 2023 that had zero tuition fees and zero compulsory course costs;
 - e. any tertiary study or training in respect of which fees support is or was provided through the Targeted Training and Apprenticeship Fund (TTAF);
 - f. any tertiary study or training that is or was funded through the Youth Guarantee (YG) fund after 1 July 2020;
 - g. any tertiary study or training that is or was funded through the Māori and Pasifika Trades Training (MPTT) fund after 1 July 2020; and

⁵ This includes those enrolled in a school who have a certificate of exemption under section 21 of the Act

- h. any tertiary study or training that is or was funded through the Refugee English Fund.
9. For the purposes of paragraphs 7(a) and 8(a), an adult student, under the Act, is any student whose 19th birthday occurred before 1 January of the current year. This definition does not apply to students deemed to require special education under section 37 of the Act.

Eligible courses and credentials or programmes

10. For a provider-based learner to be eligible for Fees Free tertiary education, they must be enrolled in an eligible course or credential.
11. An eligible course or credential for a provider-based learner is a course that is:
- a. funded by the TEC from:
 - i. the DQ3-7 fund, but excludes provision that would previously have been funded through the ITF; or
 - ii. the DQ7+ fund; or
 - iii. grants under section 556 of the Act for tertiary provision towards a qualification on the NZQCF at Level 3 or above, or a micro-credential at Level 3 or above approved by the NZQA; and
 - b. not part of a school learning programme or secondary-tertiary programme.
12. The TEC must not pay any amount in respect of fees where the fees are met under another funding arrangement (including YG fund or MPTT funding).
13. For a work-based learner to be eligible for Fees Free they must be enrolled in a programme that is:
- a. at NZQCF Level 3 or above;
 - b. approved by the NZQA;
 - c. funded by the TEC through the DQ3-7 fund and would previously have been funded through the ITF;
 - d. comprised of at least 120 credits (which includes all New Zealand Apprenticeships); and
 - e. not part of a school learning programme or secondary-tertiary programme.

Delegation to make payments

14. I delegate to the TEC, in accordance with section 409(1)(j) of the Act, the authority to make payments in respect of eligible Fees Free learners as set out below.

Fees Free entitlement limits

15. The TEC will pay no more than \$12,000 (GST inclusive) total to all tertiary education organisations (TEOs) in respect of any individual learner eligible for Fees Free tertiary education.
16. Individual provider-based learners who received any Fees Free support in prior calendar years are to receive no more than 1 EFTS unit of Fees Free support in total.
17. Individual work-based learners are to receive no more than 24 months of fees-free work-based training.
18. The TEC must calculate a work-based learner's 24-month entitlement:
 - a. from the start date of the first eligible programme in which the eligible learner was enrolled; and
 - b. by only including the months in which the learner received work-based training in an eligible programme or programmes.
19. The TEC must develop operational rules to assess entitlement limits and consumption by individuals who combine both work-based training and provider-based study, taking into account the intent of the Fees Free policy.

Payments for provider-based learners

20. I delegate to the TEC the authority to:
 - a. if the TEO is not a private training establishment (PTE), pay the TEO in respect of fees on behalf of an eligible learner in accordance with paragraphs 14-19; or
 - b. if the TEO is a PTE, compensate the PTE in respect of an eligible learner in accordance with paragraphs 14-19 for fees forgone as the result of a condition imposed on the PTE's funding.
21. Fees for provider-based tertiary education are defined as:
 - a. compulsory tuition fees;
 - b. compulsory course costs that are charged to all learners enrolled in a course, which includes (but are not limited to) the following:
 - i. any compulsory costs associated with enrolment;
 - ii. examinations (including reporting of credits to the NZQA);
 - iii. field trips; and
 - iv. any compulsory purchase of equipment or books through the TEO; and
 - c. student services fees; but

- d. excluding any administrative fees or charges (other than tuition fees or compulsory course costs) for additional services that are payable as a result of the specific circumstances of a learner, which includes (but are not limited to) the following:
 - i. reassessment or remarking of examination results;
 - ii. examination relocation fees;
 - iii. fees associated with recognition of prior learning; or iv. fees associated with an application for selected entry programmes.
22. The TEC must only make a payment to a TEO in respect of an eligible learner's compulsory tuition fees and compulsory course costs if:
- a. the fee charged by the TEO is equal to, or less than, the fee that is recorded in Services for Tertiary Education Organisations (STEO);
 - b. the TEO charges that fee to every learner in the same circumstances (whether or not they are eligible for Fees Free tertiary education) who is enrolled in the same course; and
 - c. the fees comply with all fee regulation requirements imposed as conditions on the TEO's funding.
23. The TEC must only make a payment to a TEO in respect of an eligible learner's student services fees if that fee is consistent with any requirements on student services fees in effect as a condition of funding issued under section 419 of the Act.

Payments for work-based learners

24. I delegate to the TEC the authority to make fee payments to TEOs on behalf of an eligible work-based learner (or their employer) in accordance with paragraphs 14-19.
25. Fees for work-based training are defined as fees:
- a. for training and assessment;
 - b. paid to TEOs that receive funding from the DQ3-7 fund, or directly to training and assessment providers;
 - c. paid by learners (including trainees or apprentices) or employers; and
 - d. are directly related to individual learners that are Fees Free eligible.

Payments relating to eligible learners from previous calendar years

26. The TEC has discretion to make retrospective payments relating to the fees paid by learners or their employers, who, despite meeting the Fees Free tertiary education and training eligibility criteria since 1 January 2018, were not determined by the TEC to be eligible for Fees Free tertiary education and training. This discretion should be exercised in a manner that is consistent with the policy intent of Fees Free.
27. For the avoidance of doubt, if a learner did not benefit from Fees Free payments they were entitled to from an enrolment in the preceding year, they could still be eligible to

receive a retrospective Fees Free payment if they sought to access Fees Free payments the following year. It is the expectation that the TEC will work with TEOs to identify Fees Free eligible learners, and these learners will seek access to Fees Free within the year that their study commences.

Consumption

28. For the avoidance of doubt, if an eligible learner was enrolled in an eligible course or eligible programme in or after 2018, then the eligible learner has received (consumed) all or part of their Fees Free entitlement (whether or not the TEC made payments to a TEO in respect of that learner).
29. The following credits must not count towards an eligible learner's Fees Free consumption:
 - a. any tertiary study or training for which fees support is or was provided through the TTAF;
 - b. any tertiary study or training funded through the YG or MPTT funds from 1 July 2020;
 - c. any tertiary study funded through the Refugee English Fund; and
 - d. any courses or credentials undertaken after 1 January 2023 by a provider-based learner that are funded by the TEC through the DQ3-7 fund, the DQ7+ fund or a grant under section 556 of the Act that have zero tuition fees and zero compulsory course costs.
30. The TEC must develop processes to determine the amount of each eligible learner's Fees Free entitlement that each eligible learner has consumed.
31. The TEC has discretion to exempt study or training from counting towards a learner's consumption where the study or training was funded through either the YG fund or MPTT fund and relates to courses that started before 1 July 2020 and continued beyond 1 July 2020. The TEC must exercise this discretion in line with the intent of the Fees Free policy.

Carry-over

32. If an eligible learner was enrolled in an eligible course or credential or an eligible programme in or after 2018 but did not consume their maximum Fees Free entitlement within the first calendar year of commencing an eligible course or programme, the TEC must develop a mechanism to enable that learner to carry over the remaining portion of their Fees Free entitlement.
33. An eligible learner's maximum Fees Free entitlement that may be carried over is any amount payable until one of the following occurs:
 - a. the TEC has paid \$12,000 (GST inclusive) to TEOs in respect of the learner's fees; or
 - b. the provider-based learner has consumed 1 EFTS unit; or

- c. the work-based learner has been enrolled in 24 months of an eligible work-based training programme or apprenticeship (as determined in accordance with paragraph 19); or
- d. the learner (if combining both work-based training and provider-based tertiary education) has consumed their Fees Free entitlement in accordance with the operational rules developed under paragraph 19.

Exceptional circumstances

- 34. The TEC may use discretion to determine that a learner who does not meet all of the criteria is eligible for Fees Free tertiary education and training after considering the learner's exceptional personal circumstances.
- 35. The TEC may use discretion to write off all, or a portion of, an eligible learner's consumption of their Fees Free entitlement after considering the learner's exceptional personal circumstances.
- 36. The TEC may use the discretion set out in paragraph 35 to determine that a learner has exceptional personal circumstances where, after 1 January 2020:
 - a. the learner has withdrawn from study or training due to the impact of COVID-19; or
 - b. a learner's study or training has been adversely affected due to the impact of COVID-19.
- 37. In determining cases of exceptional personal circumstances, the TEC must take into account the intent of the Fees Free policy.
- 38. I expect the TEC to publish guidance on the Fees Free website so that both the option and process for exceptional personal circumstances are clear to learners.

Learners affected by TEO closing

- 39. The TEC may use its discretion to make a payment, or write-off all, or a portion of, an eligible learner's consumption of their Fees Free entitlement in the following circumstances:
 - a. the learner is or was enrolled at a TEO, and was eligible for Fees Free;
 - b. the learner was not reported as being eligible for Fees Free because the TEO did not include the learner in the Fees Free enrolment reports that it was or is required to provide to the TEC under the Fees Free funding agreement it has with the TEC;
 - c. the learner or a third party has paid the learner's fees for an eligible course, credential or programme; and
 - d. the TEO in which the learner was enrolled closes down or goes into liquidation.
- 40. The TEC may make a payment to the learner, or to another party that has paid the learner's fees, up to the value of the fees paid by the learner or that third party, provided that the payment does not exceed \$12,000 (GST inclusive).

Operationalising this delegation

41. The TEC will work with the sector and other government agencies to support the implementation of the Fees Free policy and to advise me of any significant issues that arise.
42. The TEC must determine arrangements with TEOs for the operation of the Fees Free policy for provider-based learners.
43. The TEC must determine arrangements with TEOs for the operation of the Fees Free policy for work-based learners based on the following principles:
 - a. eligible work-based learners and their employers will not be charged by TEOs or any provider contracted by the TEOs for training and assessment costs; and
 - b. the TEC will pay TEOs the identified actual and reasonable cost, as determined by the TEC, of the fees (or fees foregone for PTEs). The TEC will establish processes to ensure that the fees and charges for work-based learners are reasonable and are assessed based on fees and charges that have been paid by or on behalf of learners, or in compensation for fees foregone, in the 2021 and 2022 calendar years. The TEC will also consider alignment with fee rates for comparable courses or programmes across the tertiary education system; and
 - c. TEOs will be required to ensure that work-based learners fully benefit from the Fees Free policy – ensuring that employers and training/assessment providers do not charge learners for costs already covered by the Fees Free payment to TEOs (whether as explicit training and assessment fees, or as part of a broader fee, or by deductions from wages).

Time period for this delegation

44. This delegation applies from 1 January 2024 until 31 December 2024, unless otherwise indicated. The TEC may exercise any of its administrative functions as required to give effect to this delegation outside of these dates.

Yours sincerely,

Hon Jan Tinetti

Minister of Education

Hon Jan Tinetti

Minister of Education
Minister for Women
Minister for Child Poverty Reduction



Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

XX August 2023

Dear Jenn,

Delegation to implement the Tūwhitia – Accelerating Learner Success Fund

I am writing to advise you of my delegation to the Tertiary Education Commission (TEC) to fund initiatives that are focused on accelerating learner success in tertiary education and training. The new fund will be called the 'Tūwhitia – Accelerating Learner Success Fund'.

The purpose of the fund is to make targeted investments in learner success initiatives to:

- increase the likelihood of TEOs successfully implementing such initiatives;
- accelerate TEO initiatives so that more learners benefit earlier;
- broaden the scope of learner success initiatives so that more learners can be positively impacted; and
- reduce cost barriers for TEOs.

I expect the TEC to use this funding to co-invest with TEOs in learner success initiatives within the tertiary education sector.

To be eligible to apply for this funding, a TEO must:

1. be a tertiary education organisation as defined in section 10(1) of the Education and Training Act 2020; and
2. have a current Learner Success Plan.

I do not expect that every eligible TEO will receive funding. The TEC may determine and publish additional eligibility criteria in order to target investment towards the parts of the tertiary education sector where the greatest system-level gains can be made for underserved learners.

A TEO that meets the eligibility criteria and wishes to apply for funding must provide an application to the TEC. I expect the TEC to develop an appropriate application process. The TEC may ask for any information it deems necessary to assess the need of each TEO, and the relative value that may be gained from funding each TEO in terms of the purpose of this fund and assessment criteria.

The TEC must develop a process to select TEOs whose learner success initiatives could best benefit from specific investment. The TEC must determine and publish assessment criteria, aligned with the purpose and focus of the fund, to assess applications from eligible TEOs.

In developing its assessment criteria, TEC should consider the following:

- a. **impact of the investment** – the extent to which the initiatives proposed will contribute toward the purpose of the fund and have an impact for learners on a whole-of-system level;
- b. **system equity gains** – the initiatives proposed will focus on underserved learners and will contribute to system-level equity gains;
- c. **cultural impact** – the initiatives proposed are culturally conscious and honour Te Tiriti o Waitangi as part of removing barriers for learners;
- d. **accelerating learner success** – the TEO must demonstrate the ability to use the funding to accelerate progress in achieving equity of education outcomes;
- e. **capacity for co-investment** – the TEO must have the resources to co-invest in the initiatives it proposes; and
- f. **alignment with Learner Success Plan** – the extent to which the initiatives for which the TEO proposes to use the funding are consistent with the TEO's Learner Success Plan.

The Tūwhitia – Accelerating Learner Success Fund has been established within the existing 'Access to and Success in Tertiary Education' category of the Tertiary Tuition and Training Multi-Category Appropriation (the MCA) for this purpose. Funding can be transferred to this fund from funds across the MCA that have typically been used for additional volume-based funding for TEOs. Up to \$5 million can be transferred in the 2023/2024 financial year, and up to \$10 million in each subsequent financial year.

I delegate to the Tertiary Education Commission, under section 409(1)(j) of the Education and Training Act 2020, authority to pay funding:

- to TEOs that meet the eligibility criteria;
- whose applications best meet the assessment criteria; and
- of up to \$5 million in the 2023/2024 financial year, and up to \$10 million in each subsequent year.

I expect the TEC to develop and publish conditions for TEOs that receive this funding, including conditions that:

- funding may be recovered from a TEO if the TEO does not comply with funding conditions imposed by the TEC;
- a TEO must publish and share information about the initiatives for which it receives funding, including progress updates and outputs that could be implemented or scaled up in other TEOs; and
- TEOs must give the TEC any information that it requests, including information regarding a TEO's financial status.

I expect the TEC to:

- report to me regularly about the initiatives for which the TEC has provided funding;
- publish information on initiatives it has funded;

- disseminate lessons learned from the initiatives funded to improve outcomes for the tertiary education system; and
- report on this fund in its Annual Report.

I will review the effectiveness of this fund for achieving learner success and equity outcomes within three years of its implementation, and consider whether any changes to the policy or its implementation are warranted.

This delegation takes effect from the date of this letter until it is varied or revoked. The TEC may exercise any of its administrative functions as required to give effect to this delegation outside of those dates.

Yours sincerely

Hon Jan Tinetti
Minister of Education