



Education Report: Final funding determinations for 2023

To:	Hon Chris Hipkins, Minister of Education		
Date:	23 September 2022	Priority:	High
Security Level:	In Confidence	METIS No:	1294660
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Messaging seen by Communications team:	No	Round robin:	No

Purpose of report

This report seeks your agreement to issue eleven funding determinations under section 419 of the Education and Training Act 2020. We seek your agreement by **30 September 2022**, to enable the funding determinations to come into effect on 1 January 2023.

Executive Summary

In July 2022, you approved sector consultation on five new funding determinations, six varied funding determinations, and changes to student services fee requirements [METIS 1290840 refers]. For these changes to come into effect on 1 January 2023, the funding determinations need to be signed before the end of September, due to the legislated three month stand down period.

We received submissions from 38 organisations on the eleven funding determinations, seven of which also related to student services fees. We also received 535 survey responses from work-based learners on student services fees settings. In response to these submissions, we recommend only minor policy changes which support the implementation of decisions already taken.

Recommended actions

The Ministry of Education recommends you:

Funding determinations

- note** that we undertook sector consultation on the funding determinations, with responses from 38 organisations
- note** that as you agreed, we have shifted the practicum components of degree-level social work programmes to the same subsidy rate as 'health-related professions' (#17)
- agree** to increase the lifetime equivalent full-time student (EFTS) limit for YG study to 2.5 EFTS, to mitigate the impacts of reducing the credit value of an EFTS for YG from 100 to 80

Agree / Disagree

- d. note that you consulted on one clause indicating voluntary National Student Number collection for Adult and Community Education providers in 2023, with the following clause indicating that this requirement would become compulsory from 2024;
- e. **agree** to remove the clause indicating that National Student Number collection will be compulsory for Adult and Community Education providers from 2024

Agree / Disagree

- f. **note** that we have also made minor technical or clarificatory changes to the funding determinations

Student services fees

- g. **note** that in response to consultation on proposed student services fee settings from 2023, we received seven written submissions and 535 responses to a survey, with most work-based learners expressing support for the proposed opt-in model for student services
- h. **agree** to introduce an opt-in model for student services fees for apprentices and trainees, as defined in section 10(1) of the Education and Training Act 2020

Agree / Disagree

- i. **note** that existing student services fee requirements have been incorporated into the following funding determinations: Delivery on the New Zealand Qualifications and Credentials Framework (NZQCF) at levels 1-2; Non-degree delivery on the NZQCF at Levels 3-7 and all industry training; and Delivery on the NZQCF at Levels 7 and above (degree)
- j. **agree** that a notice be published in the *New Zealand Gazette* revoking the “Ministerial Direction on Compulsory Student Services Fees for 2019” enabling these fees to be regulated as conditions on funding determinations

Agree / Disagree

- k. **agree** to revoke the following funding determinations: Student Achievement Component – Provision at Level 3 and above on the NZQF; Industry Training Fund; Equity Funding; and the Qualification Development Fund

Agree / Disagree

- l. **agree** that the below funding determinations take effect from 1 January 2023:

1	Non-degree delivery on the NZQCF at Levels 3-7 and all industry training	Agree / Disagree
2	Strategic Component	Agree / Disagree
3	Equity Funding	Agree / Disagree
4	Delivery on the NZQCF at Levels 7 and above (degree)	Agree / Disagree
5	Te Tahua o Te Reo Kairangi	Agree / Disagree
6	Youth Guarantee	Agree / Disagree
7	Adult and Community Education	Agree / Disagree
8	Literacy and Numeracy	Agree / Disagree

9	Māori and Pasifika Trades Training	Agree / Disagree
10	Specialised English for Speakers of Other Languages	Agree / Disagree
11	Delivery on the NZQCF at Levels 1 and 2	Agree / Disagree

- m. **sign** the attached twelve letters to the Chair of the Tertiary Education Commission
- n. **agree** to proactively release this education report.

Agree / Disagree



James Campbell
Senior Policy Manager, Tertiary Education
Te Puna Kaupapahere

23/09/2022



Hon Chris Hipkins
Minister of Education

30/9/2022

Background

1. The Minister of Education provides instructions about tertiary education funding to the Tertiary Education Commission (TEC) in the form of determinations issued under section 419 of the Education and Training Act 2020 (the Act). Once the Minister has issued a funding determination, the TEC develops operational details of how to implement the determination. Funding determinations are varied or reissued from time to time to reflect changes in Government policy, or if they are time-limited and expire.
2. In July 2022, you approved sector consultation on five new funding determinations, six varied funding determinations, and changes to student services fee requirements [METIS 1290840 refers]. This report summarises the feedback received through consultation and asks you to approve the final funding determinations for 2023.
3. For these changes to come into effect on 1 January 2023, the attached funding determinations need to be signed before the end of September, due to the three-month legislated stand-down period required by section 423 of the Act.

Feedback on funding determinations

4. We received submissions from 38 organisations during consultation on the eleven funding determinations.¹ Submissions often included feedback on multiple funding determinations, and submitters also took the opportunity to provide feedback on policy settings out of scope of the consultation (i.e. feedback beyond how policy decisions are given effect to within the funding determination). In response to the submissions, we recommend only minor policy changes. A full list of submitters can be found in Appendix 1.
5. All funding determinations have been updated to reflect the changes in terminology resulting from the passing of the Education and Training Amendment Act (No. 2) 2022 (ETAB2).

Non-degree delivery on the New Zealand Qualification and Credentials Framework (NZQCF) at Levels 3-7 and all industry training

6. We received ten pieces of feedback on the funding determination covering the delivery and learner components of the unified funding system (UFS). The submissions covered a wide spectrum of organisations in the vocational education and training (VET) sector. Our recommendation is to only make minor technical changes and corrections to this funding determination.
7. A large amount of this feedback discussed broad concerns about the reform of the VET funding system, or discussed policy settings agreed to by yourself or Cabinet. This included concerns about:
 - a. the complexity of implementing the new system;
 - b. the lack of funding certainty year-on-year (this is a feature of a volume-based funding system);
 - c. the division between degree-level education and VET (including the reputational issues associated with the divide).

¹ Note the feedback on the proposed settings for student services is discussed separately below.

8. We received three submissions from universities, all of which expressed concern about their pre-degree delivery being included within the UFS. A lot of this delivery is focused on academic preparedness for degree-level programmes. We advised you previously of the universities' concern as part of the modelling of the UFS [METIS 1276629 refers].
9. We do not propose to change the approach of including this delivery as part of the UFS and remain of the view that universities will be able to manage this shift in funding as part of their overall allocations. However, we will continue to monitor these boundary issues and will advise you if we identify any unintended consequences in this area. We will explore whether there are any ways of mitigating their concerns in the future.
10. There was a lot of detailed feedback on the provider-based: extramural mode of delivery. This included disappointment at its funding rate relative to the provider-based mode of delivery rate, and the current definition. In July, we advised you of our work on developing an enduring definition for an 'online' mode of delivery, to be in place for 2025 [METIS 1289719 refers]. We will consider the submissions from the sector on the provider-based: extramural mode as part of this work.
11. A private training establishment (PTE) specialising in outdoor education and their Workforce Development Council requested a higher funding rate due to the high cost of delivery of this provision (which requires a low teacher to student ratio, outdoor excursions, and specialised equipment). Their submission also requested more support during the transition to the new funding system. Their reduction in funding is due to the decrease in funding for provider-based delivery – outdoor education has previously, and is still currently, classified in the lowest subject rate (previously A1, now F1). We have confirmed with the TEC that the provider is receiving transition funding and do not recommend a funding rate review at this time.
12. In March, you agreed to discontinue the direct funding scheme for industry training [METIS 1287493 refers]. However, you also agreed to include grandparenting arrangements, to support one organisation which was in the process of becoming a PTE as part of a transition process for an industry training organisation. This organisation had now successfully achieved PTE status, and so we have removed the grandparenting arrangements.

Strategic Component

13. We received seven pieces of feedback on the strategic component of the UFS. We do not recommend any changes as the result of consultation.
14. Two universities queried the rationale for having universities excluded from the strategic component. You decided that universities did not need strategic funding in the VET space in August 2021 [METIS 1267373 refers]. We do not recommend a change to this position.
15. Two PTEs queried the amount of the strategic component allocated to PTEs, as they saw this as disproportionate to the amount of support they receive (compared to wānanga and Te Pūkenga). These limits are proportionate to the amount of VET provision each sub-sector delivers. We do not recommend adjusting them at this time.
16. We recommend adding some additional wording to the recovery provisions on the strategic component. This will ensure that funding allocated to organisations on-Plan (Te Pūkenga and wānanga) can be recovered if the funding is not used for the purpose for which it was provided by the end of the year. This aligns with your direction to hold Te Pūkenga to account for fulfilling its goals and priorities [METIS 1266423 refers]. TEC will only recover funding after engaging with Te Pūkenga or wānanga on any difficulties they may be having and will also seek opportunities to reduce future monthly payments instead.

Equity Funding

17. We received three pieces of feedback on Equity Funding. We have not made any changes to this determination as a result of consultation.
18. Two pieces of feedback related to longstanding issues about how Equity Funding is calculated: that it is Equivalent Full-time Student (EFTS) based, not learner based, and that funding is calculated on EFTS from two years before the year it is paid out. This is the most recent data available when the TEC is making allocation decisions. One submission also queried why the post-graduate funding rate was higher than the degree funding rate, given that (according to the provider) post-graduate learners tend to be more successful than degree learners.
19. These changes would be considered substantial policy changes and are out of scope of the consultation. Therefore, we do not recommend progressing them at this time.

Delivery on the NZQCF at Levels 7 and above (degree)

20. You agreed to consult on shifting the practicum components of degree-level social work programmes to the same subsidy rate as 'health-related professions' [METIS 1292661 refers]. This change means that funding rates (for practicum components only) will increase to \$10,357 for undergraduates and \$13,166 for postgraduates. It will take effect from 1 January 2023.
21. We received six submissions from the nine providers of social work practicums, one from the Social Worker's Registration Board, and one from the Council of Social Work Education Aotearoa New Zealand. Most of the submissions were supportive of the funding increase.
22. Two submissions raised concerns about unintended consequences of the funding rate increase. Currently, social work providers (with one exception) have not paid social work agencies for taking students on placements, citing the low level of funding. There is a concern that the increased funding rate could create an expectation that providers pay social work agencies to host the placements. This is not the intent of the increase – it is to support providers to manage the additional costs that come from coordinating and administering practicums, and to provide support for learners on those practicums.
23. We do not recommend making changes to the proposal to increase the funding rate as a result of this feedback. As with the broader 'health related professions' funding category (and other funding for other delivery that includes practicums), we did not consider it necessary to specify conditions prescribing how providers must use funding, other than in broad terms. Providers can and should use their funding to ensure social work programmes as a whole achieve the outcomes required by learners and stakeholders including the social work profession.
24. During general consultation, we received five pieces of minor, technical feedback on this funding determination, which we have either actioned or clarified.

Te Tahua o Te Reo Kairangi

25. We received six pieces of feedback on this funding determination. We propose one clarificatory change to the funding determination to more explicitly link the fund to Whakamātauirā Tō Reo Māori, the Language Proficiency Framework developed by Te Taura Whiri i te reo Māori.
26. We received feedback from a range of providers, including wānanga, universities and Te Pūkenga. General feedback was supportive of the establishment of Te Tahua o Te Reo Kairangi. Some providers discussed the importance of the TEC engaging with the sector, in particular with providers that deliver a large proportion of te reo Māori and/or immersion delivery across tertiary education. Providers wanted to be involved in the development of this fund to ensure that it is consistent with Te Tiriti o Waitangi, and that the funding provided is sustainable.

27. We have provided this feedback to the TEC to support their upcoming engagement with the sector on the development of Te Tahua o Te Reo Kairangi. The Ministry will support TEC in preparation for this engagement and further operational matters.

Youth Guarantee (YG)

28. We had fifteen submissions in response to the proposed changes to the YG determination. Generally, providers were positive about the proposed changes, including the increase in funding rates and the change to support part-time enrolment.
29. Providers were concerned that lowering the credit value for YG EFTS at levels 1 and 2 from 100 to 80 without adjusting the 2.0 EFTS per learner lifetime-limit for YG could have unintended consequences. For example, it takes time for providers to change to YG programmes in response to the credit-value change, but providers would be constrained by the 2 EFTS limit in the meantime.
30. The package of changes to YG were not intended to reduce the amount of time learners could spend in YG. We therefore recommend increasing the current YG lifetime limit of 2.0 EFTS per learner to 2.5 EFTS. This will keep the lifetime limit as it is now in terms of credits (200 credits).
31. Some providers also raised concerns about the interaction between the benefit system and student support. We do not consider that the changes to YG have altered this dynamic. Therefore, this is out of scope of the proposed changes to the YG funding determination.

Adult and Community Education (ACE)

32. We received six submissions on the proposed ACE changes.
33. The draft funding determination released for sector consultation included a clause allowing for voluntary collection of NSNs from 2023 and mandatory collection from 2024, as we advised you of concerns from the sector on compulsory collection [METIS 1290840 refers]. However, further consultation made it clear that there was wide agreement that mandatory collection of NSNs from 2024 would continue to be problematic for smaller ACE providers and ACE providers in schools, who do not have the systems to generate NSNs for adults. The compliance burden and cost of this requirement would outweigh the benefits that the data collection would generate.
34. Therefore, to respond to these concerns, we recommend removing the clause indicating that NSN collection would be compulsory from 2024. We recommend retaining the clause that allows for voluntary collection of NSNs from 2023. We will continue to work with the sector on the best way to collect information on ACE learners.
35. All submissions were supportive of the rate changes but felt that the increases were not sufficient for the costs of delivering ACE.

Literacy and Numeracy

36. We received two submissions regarding the Literacy and Numeracy funding determination, and do not recommend any changes.
37. Both submissions were supportive of the funding rate increases. One submission requested additional resources for the Hauora, Community, Health, and Social Service sectors that require daily use of reading comprehension and information synthesis skills. The other submission requested a review of the Adult Literacy Educator fund. These suggestions are out of scope of the consultation. You may wish to consider these as part of any future work on this fund.

Māori and Pasifika Trades Training (MPTT)

38. We received two submissions for the MPTT funding determination, and do not recommend any changes.

39. The two submissions were supportive of the proposed changes, but both raised the prospect of expanding the MPTT determination. One provider would like to see the expansion of the definition of Trades for Māori Training. The other raised the question of how the MPTT determination interacts with the UFS changes. The Ministry is aware of these issues and intends to carry out further analysis.

Specialised English for Speakers of Other Languages (ESOL)

40. We received only one submission on the changes to the ESOL determination, and it was supportive of the changes.

Delivery on the NZQCF at Levels 1 and 2 (DQ1-2)

41. We received five pieces of feedback on the DQ1-2 determination. All were supportive of the funding increases, though some stated that the increase does not provide enough funding for intensive literacy and numeracy training, and does not match the current inflation rate.

Feedback on settings for student services fees

42. As per the requirements in section 420 of the Act, the Ministry consulted on proposed changes to student services fee settings in July 2022 via Gazette notice, alongside the consultation on funding determinations. This included a targeted survey for work-based learners to ensure adequate engagement from affected learners. The proposed settings included:
- a. an opt-in approach to student services fees for apprentices and other work-based learners, making student services fees voluntary for these learners; and
 - b. shifting the existing regulatory settings for student services fees into relevant funding determinations, in line with how all other fees are regulated.
43. Seven submissions were received in response to the Gazette notice (mostly from providers) and 535 survey responses were received from work-based learners.

Opt-in model for work-based learners

44. Survey responses from work-based learners showed an overwhelming support in favour of voluntary student services fees, with 85 percent of respondents preferring the opt-in approach. Despite favouring the opt-in approach, learners still expressed a high level of interest in student services (93 percent would “want to access student services”) and nearly 45 percent signalled that they would be either “likely” or “very likely” to opt in if the fees were voluntary (based on an annual fee of \$350).
45. However, providers had mixed opinions. Primary Industry Training Organisation supported the opt-in approach, while Te Pūkenga instead preferred having “one regulatory approach for all Te Pūkenga learners”. Te Pūkenga also raised that the opt-in model could further perceptions of different cohorts of learners, impeding seamless shifting between modes and discouraging student service provision changing to better meet the needs of learners. Two universities (Massey University and Victoria University of Wellington) opposed the opt-in model due to concerns that this approach could be extended to other groups of learners. Neither university will be affected by the proposed settings, as the settings only apply to learners in work-based programmes.

46. The Ministry recommends continuing with the proposed approach of introducing an opt-in model to student services fees for apprentices and trainees, as defined in section 10(a) of the Act. This approach will avoid introducing a potential financial barrier to study for these learners and will prevent them from being unfairly charged for services that they cannot access. The Ministry will monitor how student service provision for work-based learners evolves over coming years and is prepared to make changes if necessary, particularly if any concerns regarding student wellbeing, equity and fairness arise.
47. If you do not wish to introduce the opt-in model, providers will have the ability to decide whether or not they charge apprentices and trainees a compulsory fee for student services, as they do for all other learners.

Including student services fee regulations in specific funding determinations

48. No feedback was received that related to the specific funding determinations for which student services fee settings are to be included in. As such, the Ministry has included provisions continuing existing student services fee requirements (from the previous Ministerial Direction) in the following funding determinations: Delivery on the NZQCF at levels 1-2, Non-degree delivery on the NZQCF at Levels 3-7 and all industry training, and Delivery on the NZQCF at Levels 7 and above (degree). This shift is required to enact changes resulting from the ETAB2 on how these fees are regulated.
49. Several providers raised broader concerns with the shifting of student services fee regulations from a Ministerial Direction and into funding determinations. In particular, there were concerns that this approach could result in over-regulation, inadequate public engagement when settings are changed, and the inclusion of student services fees under the Annual Maximum Fee Movement (AMFM).
50. These wider settings are outside of the scope of the current consultation. The decision to end the regulation of student services fees via Ministerial Direction has already been publicly consulted on, approved by the House of Representatives, and enacted through the ETAB2. Furthermore, any changes to fee regulation settings require that the Minister consult publicly for a minimum of 21 days through a notice in the New Zealand Gazette. The Ministry will work closely with the sector when considering any potential future changes to student services fee settings.

Other feedback on student services fee settings

51. Several submitters identified issues or suggested changes relating to broader student service fee settings, separate from the changes proposed in the Gazette notice. These focussed on the decision-making process when setting fees, reporting requirements on providers and how the TEC manages complaints relating to breaches of student services fee requirements.
52. While these issues are outside the scope of the current consultation, the Ministry does intend to undertake further work in 2023 to investigate options for improving student service fee requirements. This could include strengthening student involvement in student services fee decision making, improving the reporting requirements for student services fees and developing more targeted levers for the TEC to enforce these settings.

Next Steps

53. We request your approval to the funding determinations by 30 September 2022. This will enable these changes to come into effect on 1 January 2023, due to the legislated three-month stand-down period required by section 423 of the Act.
54. We have enclosed eleven funding determinations for your approval, with accompanying letters to the Chair of the TEC Jenn Bestwick, advising her of each determination of the design of the funding mechanisms (Appendices 3-13).
55. We have also enclosed a letter revoking the following funding determinations:
 - a. Student Achievement Component – Provision at Level 3 and above on the NZQF
 - b. Industry Training Fund
 - c. Equity Funding
 - d. Qualification Development Fund
56. These funding determinations will be replaced by the funding determinations implementing the UFS:
 - a. Delivery at levels 3-7 (non-degree) on the NZQCF and all industry training
 - b. Strategic component of the UFS for vocational VET
 - c. Delivery at levels 7 (degree) and above on the NZQCF
 - d. Equity Funding (with funding for levels 3-7 (non-degree) now removed).
57. We recommend you sign the twelve letters attached in the Appendices and send them with their respective funding determinations to the TEC.
58. The TEC will publish the funding determinations once they are approved on its website to communicate these to the sector. The TEC will also update its 2023 funding letters to tertiary providers that are expected to be sent from November onwards.
59. Subsequent to your approval, a notice will also be published in the *New Zealand Gazette* revoking the 'Ministerial Direction on Compulsory Student Services Fees for 2019', effective from 1 January 2023. This is the final step necessary to shift the regulation of student services fees into funding mechanisms, as enabled by ETAB2.

Appendices

1. List of submitters on the funding determinations
2. Revocation letter
3. Non-degree delivery on the NZQCF at Levels 3-7 and all industry training
4. Strategic Component
5. Equity Funding
6. Delivery on the NZQCF at Levels 7 and above (degree)
7. Te Tahua o Te Reo Kairangi
8. Youth Guarantee
9. Adult and Community Education
10. Literacy and Numeracy
11. Specialised English for Speakers of Other Languages

12. Māori and Pasifika Trades Training
13. Delivery on the NZQCF at Levels 1 and 2

Appendix 1 – List of submitters on the funding determinations

1. Wellington High School
2. Matapuna Trust
3. Vertical Horizonz
4. Valley Education & Training Enterprises Ltd.
5. Lakeland Learning
6. Toi Mai – Workforce Development Council
7. Edvance
8. Te Rau Ora
9. People Potential
10. Onehunga High School
11. Ako Aotearoa
12. Primary ITO
13. ACE Aotearoa
14. The Tertiary Education Union
15. REAP Aotearoa
16. Massey University
17. Victoria University of Wellington
18. Fruition Horticulture (BOP) Ltd
19. Hillary Outdoors
20. Literacy Aotearoa Charitable Trust
21. Auckland University of Technology
22. Developers Institute
23. Te Wānanga o Aotearoa
24. Te Pūkenga
25. EmployNZ
26. Front-line Training Consultancy
27. YMCA
28. ITENZ
29. QTI
30. Varda
31. South Pacific Islands Institute
32. University of Otago
33. Nelson Marlborough Institute of Technology Ltd
34. University of Auckland
35. Bethlehem Tertiary Institute
36. North Tec
37. Council of Social Work Education Aotearoa New Zealand

38. Social Worker's Registration Board

Hon Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



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

Dear Jenn

Determination of Design of Funding Mechanism: non-degree delivery at levels 3 – 7 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 comprising 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 2023.

Under section 422 of the Act, it is the Tertiary Education Commission's responsibility to develop the details needed to implement my determinations of the design of funding mechanisms. I want to stress the importance of your continued focus on tertiary education organisations' Learner Success initiatives to support the success of these funds.

Yours sincerely,

A blue ink signature of Hon Chris Hipkins, consisting of stylized initials and a surname.

Hon Chris Hipkins
Minister of Education

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

PRELIMINARY PROVISIONS

Statutory authority

1. This determination of the design of the 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 2023.
4. The TEC may exercise any of its administrative functions before 1 January 2023 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)¹;
 - iii. a wānanga; or
 - b. a 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 funding is for delivery by Te Pūkenga or one or more of the subsidiaries of Te Pūkenga, Te Pūkenga or the relevant subsidiaries of Te Pūkenga are quality assured by the New Zealand Qualifications Authority (NZQA);
 - b. if the TEO is a wānanga or a PTE, the TEO is quality assured by the NZQA; or
 - c. if the TEO is a university, the TEO is quality assured by the New Zealand Vice-Chancellors' Committee.

Funding formula and rates

11. The TEC allocates funding under this funding mechanism for the relevant eligible programmes, 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 learner units (EFTLs); and
 - b. the programmes or 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.

EFTL

13. One EFTL is equivalent to either one equivalent full-time student unit or one standard training measure.

¹ This reference to Te Pūkenga includes any Te Pūkenga subsidiary as defined in section 10(1) of the Act.

Equivalent Full-Time Student units (EFTS)

14. One (1.0) EFTS unit is defined as the student workload that would normally be carried out by a learner enrolled full-time in a single academic or calendar year.
15. The TEC will determine the EFTS value of each programme or credential and/or the EFTS factor of its component parts based on published criteria. These criteria should reflect the principle that the TEC, in setting EFTS values, will take into account both the inputs and the outputs of the learning process.

Standard Training Measures (STMs)

16. 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.
17. 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

18. For data submitted through the Single Data Return (SDR), TEOs must assign each classified programme, 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.
19. The TEC must validate the TEO's assignment of its programmes, credentials and/or component parts to the appropriate classifications and funding categories, as outlined in the tables in Appendix 1.
20. For data submitted through the Industry Training Register (ITR), the TEC must assign a funding category according to the tables (relating to subject classification and mode of delivery) in Appendix 1.

Funding rates

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

Flexible funding

22. 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").
23. However, a TEO is not a qualifying TEO unless it is funded by the TEC to deliver 20 or more EFTLs.

24. 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.
25. If a qualifying TEO meets the condition specified in paragraph 24 above, 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 EFTLs, whichever is greater.
26. The TEC may establish criteria to allocate funding above the additional funding limits specified in paragraph 25, provided the TEC has assessed whether the funding available is sufficient for the TEC to provide funding above these limits.

Valid domestic enrolments

27. 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 31; and
 - e. has paid or committed to pay their fees (if fees apply).
28. 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).
29. 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

30. A learner studying outside of New Zealand is a valid domestic enrolment only if the learner meets the above criteria in paragraph 27 (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

- 31. Even if a learner meets the criteria specified in paragraph 27, 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.
- 32. 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 of study where learning is undertaken in the work-based: pathway to work mode of delivery.
- 33. The TEC must establish criteria for determining what constitutes an inducement.

Programme Eligibility

- 34. The TEC must ensure funding paid to a TEO under this funding mechanism is for:
 - a. a programme or credential;
 - i. either leading to a qualification on the NZQCF at levels 3-7 (non-degree) and has been quality assured by NZQA or the New Zealand Vice Chancellors Committee (as appropriate), or
 - ii. in line with the NZQA criteria for the approval of micro-credentials; or
 - b. part of a programme or credential, where the programme or credential it is part of leads to a qualification on the NZQCF at level 3-7 (non degree) and has been quality assured by NZQA or the New Zealand Vice Chancellors Committee (as appropriate) for which the TEO has TEC funding approval; and
 - c. meets any other criteria specified by the TEC.
- 35. The TEC may fund a programme or credential, or part of a programme or 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.
- 36. A programme or credential, or part of a programme or credential, leading to a qualification at Level 1, 2, or 3 on the NZQCF must include embedded literacy and numeracy.

37. 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 may not be funded

38. The TEC must not provide funding for learning that can be defined as one or more of the following:
- a. a programme or credential designed primarily to equip a participant with the skills and knowledge they need to carry out a given task or function in a manner that complies with a specific health and safety or regulatory compliance requirement; or
 - b. learning that displaces the responsibility of employers to provide training necessary to mitigate health and safety, and legal risks.
39. The TEC must not provide funding for a programme or credential containing health and safety and regulatory compliance learning if it considers it likely that most enrolments will lead only to completion of the health and safety or regulatory compliance components, rather than the whole programme or credential.

Cap on high-cost aviation provision

40. The TEC must ensure that funding for provider-based aviation qualifications that includes an in-flight training component does not exceed 450 EFTS.²

Health-related professional qualifications and credentials

41. The TEC may allow funding paid to a TEO under this funding mechanism to be used for programmes and/or credentials, or their component parts that lead to the award of a post-entry health-related professional qualification or credential that:
- a. is of an academic or research nature; and
 - b. has a clinical component of 30% or less within the total qualification or credential.
42. The TEC must ensure that funding paid to a TEO under this funding mechanism is not used for programmes and/or credentials, or their component parts that lead to the award of a post-entry health-related professional qualification or credential that has:
- a. a clinical component of more than 30% within the total qualification or credential; and
 - b. either:

² This 450 EFTS cap includes any delivery on the NZQCF at level 3 and above in aviation.

- i. a requirement for clinical education and training; or
- ii. an emphasis on specialist clinical professional skills.

PART TWO: LEARNER COMPONENT FUNDING

Purpose

- 43. The purpose of this funding is to support TEOs to put learners at the centre of their organisation and to improve outcomes for learners. It supports all learners, particularly those learners who have traditionally been underserved by the education system. It recognises that there are higher costs involved in adapting education delivery and support to meet learners' unique needs.
- 44. 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).³ I expect TEOs to 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.

Funding priority for the learner component

- 45. My priority for learner component funding is to see TEOs 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.
- 46. Achieving this will mean TEOs and employers have the necessary capabilities, capacities and relationships to enrol and support learners, particularly those who have traditionally been underserved by the VET system, to be successful in VET qualifications, particularly those with significant elements of work-based learning.
- 47. Over time, I expect this behaviour to result in a VET system where learners, particularly those who have traditionally been underserved by the VET system:
 - a. are well supported by TEOs and employers to enrol in, and complete, VET qualifications;
 - b. have increased enrolment rates in qualifications with significant elements of work-based learning; and

³ Vocational education and training, for the purposes of this funding mechanism, refers to delivery eligible to be funded through this funding mechanism.

- c. have increased qualification completion rates across all VET qualifications.

Funding formula and rates

- 48. 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.
- 49. This funding does not apply to valid domestic enrolments in the assessment and verification mode of delivery.
- 50. The learner component rates per EFTL are:

Eligible learner	Rate
Learners with low prior attainment and/or disabled learners	\$1,233
Māori and/or Pacific learners at levels 3-6	\$141
Māori and/or Pacific learners at level 7 (non-degree)	\$338

- 51. 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.
- 52. Following the calculations above, 20% of each allocation will be paid subject to paragraphs 53 and 54 below.

Performance expectations

- 53. The TEC and each TEO must agree to performance expectations that show how the TEO will contribute to meeting the current funding priority of the learner component, and that are relevant and tailored to each TEO and the needs of their learner populations.
- 54. The TEC must pay TEOs 20% of their learner component allocation upon meeting agreed performance expectations.
- 55. The TEC must monitor and report progress against the funding priority for the learner component.
- 56. From 2024, the TEC must engage with Māori and iwi when developing performance expectations and when developing monitoring arrangements. This includes ensuring that TEOs appropriately engage with Māori and iwi as required for Investment Plans.
- 57. For 2023, TEC has discretion to determine which TEOs are required to set and meet performance expectations. From 2024, I expect all TEOs who receive learner component funding to be required to set and meet performance expectations.

PART THREE: FUNDING CONDITIONS

Performance standards

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

TEOs

59. 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.
60. 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 programmes, credentials and/or component parts an EFTS factor;
 - b. accurately assign the credit value and nominal duration to a programme in order for the correct STM value to be calculated;
 - c. for data reported through the SDR –
 - i. accurately assign each of its programmes, credentials and/or component parts a classification listed in Table 1, “Delivery Classification” of Appendix 1 of this funding mechanism;
 - ii. accurately assign each of its programmes, credentials and/or component parts a funding category listed in the tables in Appendix 1 of this funding mechanism; and
 - d. meet minimum and maximum performance standards specified by the TEC.

Programmes

61. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each programme or credential and/or its component parts in which an eligible learner is enrolled meets and continues to meet the criteria specified in paragraph 34 of this funding mechanism.
62. Where funding is used for programmes or credential leading to a qualification at level 1, 2, or 3, the TEC must attach to funding a condition that the programme or credential, or its component part, at Level 1, 2, or 3 includes embedded literacy and numeracy.
63. 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 credential where a majority of the programme or credential relates to health and safety or regulatory compliance, as excluded in paragraphs 38 and 39.

New Zealand Apprenticeships

64. The TEC must attach a funding 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.
65. The TEC must attach a funding condition that a TEO must report learners as a New Zealand Apprentice if they are a valid domestic enrolment, and are:
- a. employed in the occupation for which the apprentice is training;
 - b. supported by a training plan agreed by the apprentice, the employer, and the TEO arranging the training, throughout the programme of training; and
 - c. either
 - i. enrolled in a New Zealand Apprenticeship programme; or
 - ii. were enrolled in a Managed Apprenticeship programme or New Zealand Apprenticeship programme on 31 December 2022.
66. 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

67. 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

- 68. 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 27 of this funding mechanism.
- 69. 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 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 31 to 33.
- 70. 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.
- 71. The TEC must attach a funding 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 credentials.

Reporting withdrawals to Ministry of Social Development

- 72. 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

- 73. 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 TEO 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.

High-cost provision

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

Aviation

75. 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.
76. 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 80 and 81 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 80 and 81 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 80 and 81 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

77. 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, credential and/or component part⁴; and
 - b. in relation to the provision of necessary 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.
78. For the purposes of paragraph 77(c) above, the TEC must develop guidelines determining when overseas travel is academically essential.
79. 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

80. 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.
81. For the purposes of the condition that the TEC must impose under paragraph 80 (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.
82. 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

⁴ 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.

initiative. In particular, the TEO must provide information as required by the TEC, to enable the TEC to understand the EFTLs consumption of eligible learners, and in relation to fees.

83. Any fees in excess of the amount payable by the TEC under paragraphs 80 and 81 may be charged by the TEO to the learner, or their employer if applicable.

Learner component funding

84. 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.
85. 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.
86. If the TEC has identified that a TEO must set and meet performance expectations, the TEC must attach to funding a condition that the TEO:
- a. must agree performance expectations with the TEC; 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 those performance expectations.

No other funding

87. 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

88. 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

89. 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

90. 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 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.
91. 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.
92. 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.
93. 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

94. 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

95. 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 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.
96. 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

97. The TEC must attach to funding a condition that if, in accordance with clause 16, 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

98. 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.
99. 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

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

PART FOUR: FEE REGULATION SETTINGS

101. The conditions in Part Four of the funding mechanism relate to fees charged by TEOs for the relevant programmes, 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 104 to 123.

102. 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

103. In Part Four of this funding mechanism, unless the context otherwise requires:

- a. **Course** means part of a programme of study that leads to the award of a qualification on the New Zealand Qualifications and Credentials Framework (NZQCF), including a certificate, diploma or degree. For the avoidance of doubt, this includes a course that is part of a qualification where the student is not enrolled in the qualification (for example, where a student is only enrolled in the course or where the student is undertaking the course as part of a micro-credential); and
- 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; and
- c. **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 New Zealand Qualifications Authority), 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; and
- d. **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); and
- e. **TEO** means tertiary education organisation as defined in section 10 of the Act.

The Annual Maximum Fee Movement

104. The Annual Maximum Fee Movement (AMFM) sets the maximum percentage that TEOs may increase their domestic tuition fees by each year for all courses that are funded under this funding mechanism, excluding any fees charged for

industry training (i.e., programmes previously funded through the Industry Training Fund).

105. The AMFM for 2023 is set at 2.75 percent. This permits a 2.75 percent increase on the fees (GST exclusive) charged in 2022 to domestic students for all courses that are funded under this funding mechanism.
106. 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 107 below apply.
107. For courses delivered by a subsidiary of 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 these courses are not subject to the AMFM limits, but are subject to the fee setting limits for new courses outlined below in paragraphs 112-117.

Exceptions to the Annual Maximum Fee Movement

108. A TEO may apply for an exception from the 2023 AMFM on the basis of exceptional circumstances. Any exception granted will not exceed an additional 2.75 percent increase over and above the permitted 2.75 percent increase.
109. In considering exceptional circumstances, the TEC must only have regard to the following criteria:
 - a. the TEO is unable to support the course(s) while remaining financially viable; and
 - b. where the course is part of a qualification at levels 3-7 (non-degree) on the NZQCF that has been delivered previously, the qualification has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF group in the previous year; and
 - c. the TEO can demonstrate that the course is in some way unique or special, for example, that there are no available local alternatives; and
 - d. 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.
110. An application must satisfy all criteria to gain an exception.

Low or Zero Fee Courses

111. If the fees for a course funded under this funding mechanism are less than \$511.11 (GST inclusive) (\$444.44 (GST exclusive)) per EFTL in 2022, then for 2023, the TEO may increase the fee to up to \$511.11 (GST inclusive) (\$444.44 (GST exclusive)) per EFTL, or can increase the fee for the course by 2.75 percent, whichever is the greater.

Fee Setting Limits for New Courses

- 112. The fees 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 will specify how similar courses will be determined.
- 113. 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

- 114. A TEO may apply for an exception from the fee setting limits for new courses on the basis of exceptional circumstances.
- 115. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:
 - a. the course would be financially unviable without a higher fee; and
 - b. where the course is part of a qualification at levels 3-7 (non-degree) on the NZQCF that has been delivered previously, the qualification has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF group 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 Government priorities as set out in the Tertiary Education Strategy.
- 116. The TEC must only grant an exception if it is satisfied that the TEO meets all of the above criteria.
- 117. The TEC will have discretion to determine the level at which a TEO can set fees for any new courses granted an exception.

Fee Capping Limits for Micro-credentials

- 118. The fees for a micro-credential must be no more than \$60 (GST inclusive) per credit. This fee cap does not apply to components made up of 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.
- 119. 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 part of existing courses must be no more than \$60 (GST inclusive) per credit.

Exceptions to Fee Capping Limits for Micro-credentials

120. A TEO may apply 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) on the basis of exceptional circumstances.
121. 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 must provide evidence that there is strong support from industry and/or employers to deliver the micro-credential and that this clearly meets industry and/or employer needs.
122. The TEC must only grant an exception if it is satisfied that the TEO meets both of the above criteria.
123. 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

124. 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 126 to 132.
125. The objective of the requirements on TEOs that charge student services fees is to ensure:
 - a. accountability in the use of fees for student services to students; and
 - 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

126. **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 127 to 132.

127. **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 these services; and
 - d. the method for authorising expenditure on these services.
128. **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.
129. **Reporting on student services fees:** Institutions must provide information on all student services fees through their annual report, and registered Private Training Establishments (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; and
 - b. a statement of the fee income and expenditure for each type of student service; and
 - c. the student services fee amount charged per EFTL 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 128.
130. **Private training establishment's written reports to students:** Registered PTEs charging a student service fee must provide to the Tertiary Education Commission 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
131. **Publishing information online:** TEOs charging student services fees must, as soon as reasonably practicable each year, publish the following information on their website:

- a. basic student services fee information for the year, including the amount charged per EFTL (or however it is calculated) and a description of the student services the fee supports; and
- b. a description of the current year's student services fee decision-making process – including a description of how the current fees and services offered were determined, how consultation with students occurred, and what the decisions were; and
- c. 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.

132. **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 newspapers, radio, television and internet-based media.
- h. Childcare services – Providing affordable childcare services while parents 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
#40	Te Reo Māori
#41	Tikanga 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, 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	#38: Foreign-Going Nautical #01: Agriculture and Horticulture (specialist / higher-level provision at level 5 and above)
F6 Te Reo and Tikanga Māori	#40: Te Reo Māori #41: Tikanga

Table 3: Funding categories: numeric code

Category (numeric)	Mode	Description
1	Provider-based	Learners study mainly in a campus setting with supported self-directed learning. Providers are responsible for learners' health and wellbeing support.
2	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.
3	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.
4	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.
5	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.

Table 4: The funding rates

Funding categories	Mode of delivery / \$ per EFTL				
	1	2	3	4	5
Humanities, Business and Social Service Vocations (F1)	\$5,574	\$4,881	\$5,297	\$6,412	\$1,541
Trades, Creative Arts, Information Technology and Health-related Professions (F2)	\$8,863	\$4,881	\$7,270	\$9,043	\$1,541
Agriculture, Engineering, Health Sciences and Science (F3)	\$9,978	\$4,881	\$7,938	\$9,935	\$1,541
Pilot Training and Priority Engineering (F4)	\$12,208	\$4,881	\$9,276	\$11,719	\$1,541
Foreign-going Nautical and specialist Agriculture (F5)	\$16,723	\$4,881	\$11,986	\$15,330	N/A
Te reo and Tikanga Māori (F6)	\$6,770	\$6,770	\$6,770	\$6,770	\$1,541

Hon Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



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

Dear Jenn,

Revocation of Funding Mechanisms

I am writing to advise you that I am revoking the following funding mechanisms made under section 419 of the Education and Training Act 2020:

- the determination of design of the funding mechanism for Student Achievement Component – Provision at Level 3 and above on the New Zealand Qualification Framework to fund activities delivered from 1 January 2022; and
- the determination of design of the funding mechanism for Equity Funding to fund activities delivered from 1 January 2022; and
- the determination of design of the funding mechanism for Industry Training Fund to fund activities delivered from 1 January 2022; and
- the determination of design of the funding mechanism for Qualification Development Fund to fund activities delivered from 1 January 2022.

These funding mechanisms are revoked with effect from 1 January 2023 and no new requests for funding under those mechanisms (either in a proposed Plan or through an application) may be approved from that date. These funding determinations have been replaced by new funding determinations governing the unified funding system for vocational education and training. TEC may still conduct any administrative duties necessary in relation to these determinations after 1 January 2023.

Yours sincerely,

A blue ink signature of Chris Hipkins, written in a cursive style.

Chris Hipkins
Minister of Education

Hon Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



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 comprising 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 2023.

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.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'CH', representing Hon Chris Hipkins.

Hon Chris Hipkins
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 2023.
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 Pūkenga¹;
 - 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. Up to 70% of the funding available for the Element 1 must be allocated to Te Pūkenga.
12. Up to 30% of funding available for the Element 1 must be allocated to PTEs.
13. I expect 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 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 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. Up to 60% of the funding available for the Element 2 must be allocated to Te Pūkenga.
18. Up to 10% of the funding available for the Element 2 must be allocated to wānanga.

¹ This reference to Te Pūkenga includes any Te Pūkenga subsidiary as defined in section 10(1) of the Act.

19. Up to 30% of funding available for the second element must be allocated to PTEs.
20. I expect TEC to ensure TEOs use funding allocated for Element 2 to:
 - a. either:
 - i. develop new programmes that are innovative and flexible; or
 - ii. review and maintain existing programmes; and
 - b. support the realisation of the Tertiary Education Strategy (TES) and other key education strategic objectives, aligned with the purpose of the unified funding system and the advice of WDCs.
21. In 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 purely extramural, in recognition of the different cost structures of these programmes.
22. For 2023 and 2024, 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. Sorts of 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;
 - 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 this 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 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.
- 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; and
 - 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 that are innovative and flexible; or
 - ii. review and maintain existing programmes; and
 - b. supports the realisation of the Tertiary Education Strategy (TES) and other key education strategic objectives, and 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 over-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, or 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.
36. 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

37. 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

38. The TEC must attach to funding a condition that if, in accordance with clause 16 or 26 (as the case may be), 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.

Hon Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



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 2023.

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,

A handwritten signature in blue ink, appearing to be 'CH', representing Chris Hipkins.

Chris Hipkins
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 2023.
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 spent 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 *Determination of Design of Funding Mechanism: Delivery on the NZQCF at levels 7 (degree)* and *Determination of Design of Funding Mechanism: Delivery on the NZQCF at levels 1 and 2*.

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)	\$338.00
Level 8 and above	\$470.00

Disabled learners

12. The TEC must allocate equity funding in respect of disabled learners to a TEI at a set rate of \$30.22 (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 over-funding

16. The TEC must attach to funding a condition that if a TEO receives equity 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, 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.

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 Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



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

Dear Jenn,

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

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 on the New Zealand Qualifications and Credentials Framework (NZQCF) at levels 7 (degree) and above.

The new determination is set out in the appendix to this letter. The determination covers the funding of provision delivered from 1 January 2023.

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. I want to stress the importance of your continued focus on TEO Learner Success initiatives to support the success of these funds.

Yours sincerely,

A blue ink signature of Hon Chris Hipkins.

Hon Chris Hipkins
Minister of Education

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

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 delivery on the New Zealand Qualifications and Credentials Framework (NZQCF) at levels 7 (degree) and above (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 2023.
5. The TEC may exercise any of its administrative functions before 1 January 2023 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. a tertiary education institution (TEI), namely
 - a. a university;
 - b. Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga)¹;
 - c. a wānanga;
 - ii. or a private training establishment; 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.

¹ Te Pūkenga also refers to any Te Pūkenga subsidiary.

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 levels 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 qualifications, and their component courses or credentials, in which learners are enrolled, and the assigned course classifications, funding categories, and funding rates of those qualifications and component courses or 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 qualification or 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 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 the student workload that would normally be carried out by a student enrolled full-time in a single academic or calendar year.
23. The TEC will determine the EFTS value of each qualification (or credential) and the course EFTS factor of its components based on published criteria. These criteria should reflect the principle that the TEC, in setting EFTS values, will take into account both the inputs and the outputs of the learning process.

24. The TEC must validate the TEO's assignment of EFTS value of each qualification (or credential) and the course EFTS factor of its components.

Delivery classification

25. A TEO must assign each of its courses 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 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 funding is for delivery by Te Pūkenga or one or more of the subsidiaries of Te Pūkenga, Te Pūkenga or the relevant subsidiaries of Te Pūkenga are quality assured by the New Zealand Qualifications Authority (NZQA),
 - b. if the TEO is a wānanga, or a PTE, the TEO is quality assured by the NZQA;
or

- c. if the TEO is a university, the TEO is quality assured by the New Zealand Vice-Chancellors' Committee.

Eligibility of learners

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

Eligible programmes, qualifications, and/or 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 the New Zealand Vice-Chancellors' Committee (where appropriate); or
 - b. is part of a micro-credential that has been quality assured; or
 - c. 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 the New Zealand Vice-Chancellors' Committee.
- 36. The TEC may restrict the availability of micro-credentials, including certificates of proficiency, by developing criteria limiting the eligibility of related courses or programmes for funding under this mechanism at level 7 (degree) and above on the NZQCF.

Specific matters

Health-related professional qualifications or 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 credential that:
 - a. is of an academic or research nature; and
 - b. has a clinical component of 30% or less within the total qualification or 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 credential that has:
- a. a clinical component of more than 30% within the total qualification or 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 of study or training, micro-credential, or other credential where the TEC considers on reasonable grounds that a majority of the programme of study or training, the micro-credential, or other credential relates to health and safety or regulatory compliance learning.

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 caps:
- a. aviation (qualifications that includes an in-flight training component): 450 EFTS;²
 - b. dentistry (intermediate) year 1 intake: 60 EFTS;
 - c. medical undergraduate year 1 intake: 539 EFTS;
 - d. veterinary science year 1 intake: 125 EFTS.
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 for doctoral study.

PART TWO: FUNDING CONDITIONS

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

² This 450 EFTS cap includes any delivery on the NZQCF at level 3 and above in aviation.

Tertiary education organisations

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 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. 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 TEO 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, qualifications and micro-credentials

51. 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.
52. The TEC must attach to funding a condition that a TEO must not use funding paid under this funding mechanism to fund a programme of study or training, or a micro-credential, or other credential, where a majority of the programme of study or training or credential relates to health and safety or regulatory compliance.
53. The TEC may attach to funding a condition that a TEO must comply with any restriction set by the TEC on the availability of micro-credentials, including certificates of proficiency.

High-cost provision

54. 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

55. 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

56. 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 62 and 63 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 62 and 63 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 62 and 63 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

57. 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

58. 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, qualification or credential³; 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.
59. For the purposes of paragraph 58(c) above, the TEC must develop guidelines determining when overseas travel is academically essential.

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.

60. 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.
61. Any limits on fees for further years will be determined by way of a variation to the funding mechanism.

Fees Free Tertiary Education

62. 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 not a PTE, 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.
63. For the purposes of the condition that the TEC must impose under paragraph 62, 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.
64. 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.
65. Any fees in excess of the amount payable by the TEC under paragraphs 62 and 63 may be charged by the TEO to the learner.

TEO responsibilities

66. 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 a course EFTS factor; and
 - b. accurately assign each of its courses to a delivery classification listed in Table 1, "Delivery Classification" of Appendix 1 of this funding mechanism; and
 - 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

67. 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

68. 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

69. 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.
70. 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.
71. 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.
72. 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

73. 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

74. The TEC must attach to funding a condition that if, in accordance with clause 16, 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

75. 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.
76. 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

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

PART THREE: FEE REGULATION SETTINGS

78. The conditions in Part Three of the funding mechanism apply to fees charged by TEOs for the relevant programmes, 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.
79. 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

80. In Part Three of this funding mechanism, unless the context otherwise requires:
- a. **Course** means part of a programme of study that leads to the award of a qualification on the NZQCF, including a certificate, diploma, degree, or postgraduate qualification. For the avoidance of doubt, this includes a course that is part of a qualification where the student is not enrolled in the qualification (for example, where a student is only enrolled in the course or where the student is undertaking the course as part of a micro-credential); and
 - 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; and
 - c. **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 New Zealand Qualifications Authority), 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; and
 - d. **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); and
 - e. **TEO** means tertiary education organisation as defined in section 10 of the Act.

The Annual Maximum Fee Movement

81. The Annual Maximum Fee Movement (AMFM) sets the maximum percentage that TEOs may increase their domestic tuition fees by each year for all courses that are funded under this funding mechanism.
82. The AMFM for 2023 is set at 2.75 percent. This permits a 2.75 percent increase on the fees (GST exclusive) charged in 2022 to domestic students for all courses that are funded under this funding mechanism.
83. 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 84 below apply.
84. For courses delivered by a subsidiary of 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 these courses are not subject to the AMFM limits, but the fee setting limits for new courses outlined below in paragraphs 89 to 94.

Exceptions to the Annual Maximum Fee Movement

85. A TEO may apply for an exception from the 2023 AMFM on the basis of exceptional circumstances. Any exception granted will not exceed an additional 2.75 percent increase over and above the permitted 2.75 percent increase.
86. In considering exceptional circumstances, the TEC must only have regard to the following criteria:
 - a. the TEO is unable to support the course(s) while remaining financially viable; and
 - b. where the course is part of a qualification at levels 7 (degree) and above on the NZQCF that has been delivered previously, the qualification has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF group in the previous year; and
 - c. the TEO can demonstrate that the course is in some way unique or special, for example, that there are no available local alternatives; and
 - d. 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.
87. An application must satisfy all criteria to gain an exception.

Low or Zero Fee Courses

88. If the fees for a course funded under this funding mechanism are less than \$511.11 (GST inclusive) (\$444.44 (GST exclusive)) per equivalent full-time student (EFTS) in 2022, then for 2023, the TEO may increase the fee to up to \$511.11 (GST inclusive) (\$444.44 (GST exclusive)) per EFTS, or can increase the fee for the course by 2.75 percent, whichever is the greater.

Fee Setting Limits for New Courses

89. The fees 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 will specify how similar courses will be determined.
90. 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

91. A TEO may apply for an exception from the fee setting limits for new courses on the basis of exceptional circumstances.
92. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:
 - a. the course would be financially unviable without a higher fee; and
 - b. where the course is part of a qualification at levels 7 (degree) and above on the NZQCF that has been delivered previously, the qualification has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF group 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 Government priorities as set out in the Tertiary Education Strategy.
93. The TEC must only grant an exception if it is satisfied that the TEO meets all of the above criteria.
94. The TEC will have discretion to determine the level at which a TEO can set fees for any new courses granted an exception.

Fee Capping Limits for Micro-credentials

95. The fees for a micro-credential must be no more than \$60 (GST inclusive) per credit (excluding components made up of courses that also lead to the award of a qualification and are funded through this funding mechanism).
96. 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 part of existing courses must be no more than \$60 (GST inclusive) per credit.

Exceptions to Fee Capping Limits for Micro-credentials

97. A TEO may apply 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) on the basis of exceptional circumstances.
98. 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 must provide evidence that there is strong support from industry and/or employers to deliver the micro-credential and that this clearly meets industry and/or employer needs.
99. The TEC must only grant an exception if it is satisfied that the TEO meets both of the above criteria.
100. 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

101. 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 103 to 108.
102. The objective of the requirements on TEOs that charge fees for the provision of student services is to ensure:
 - a. accountability in the use of fees for student services to students; and
 - 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

103. **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 these services; and
 - d. the method for authorising expenditure on these services.
104. **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.
105. **Reporting on student services fees:** Institutions must provide information on all student services fees through their annual report, and registered Private Training Establishments (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; and
 - b. a statement of the fee income and expenditure for each type of student service; and
 - 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 104.
106. **Private training establishment's written reports to students:** Registered PTEs charging a student service fee must provide to the Tertiary Education Commission 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

107. **Publishing information online:** TEOs charging student services fees must, as soon as reasonably practicable each year, publish the following information on their website:
- a. basic student services fee information for the year, including the amount charged per EFTS (or however it is calculated) and a description of the student services the fee supports; and
 - b. a description of the current year's student services fee decision-making process – including a description of how the current fees and services offered were determined, how consultation with students occurred, and what the decisions were; and
 - c. 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.

108. **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 newspapers, radio, television and internet-based media.
- h. *Childcare services* – Providing affordable childcare services while parents 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
#23	Veterinary Science
#23.3	Veterinary Science Undergraduate (Years 3, 4 & 5)
#24	Nursing
#25	Medical Imaging
#27	Midwifery (3 year)
#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
#40	Te reo Māori
#41	Tikanga Māori

Table 2: Funding categories: alphabetic code

Category (alphabetic)	Relevant discipline and course classification
A	Arts [#03], Social Sciences [#03], General Education [#5.2], Te reo Māori [#40], Tikanga Māori [#41]
B	Architecture (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 (degree) [#02], Engineering [#11], Technology [#11], Health Sciences [#13], Midwifery (3 year) [#27], Physiotherapy [#29], Speech Language Therapy [#32], Medical Laboratory Science [#33], Audiology [#35]
G	Dentistry (postgraduate only) [#7], Medicine (postgraduate only) [#15]
H	Agriculture (degree) [#01], Horticulture (degree) [#01] Specialist Large Animal Science [#39]
I	Teaching [#19.1, #19.2, #20]
J	Business [#04], Accountancy [#04], Law [#14],
L	Agriculture (non degree) [#01], 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 [#31]
N	Priority Engineering [#11.1], Dietetics [#36]
O	Medical Radiation Therapy [#30]
Q	Veterinary Science [#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]

Table 3: Funding categories: numeric code

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

Table 4: Funding rates

	1	2	3	4
A	\$6,770	\$6,770	\$8,545	\$9,037
B	\$10,357	\$10,357	\$13,166	\$14,155
C	\$12,451	\$12,451	\$15,826	\$17,031
G			\$28,865	\$28,865
H		\$22,452	\$28,316	\$29,709
I	\$10,763	\$10,763	\$13,497	\$13,989
J	\$6,770	\$6,770	\$8,545	\$9,037
L	\$11,636	\$11,636	\$14,672	\$15,659
M	\$14,820	\$16,887	\$21,203	\$22,580
N	\$13,814	\$13,814	\$17,378	\$18,704
O		\$20,041		
P	\$11,186			
Q		\$33,410	\$33,410	\$33,410
R		\$57,046		
S	\$20,602			
T		\$47,038		
U		\$47,038		
V	\$12,108	\$14,798	\$18,654	\$19,910

Hon Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



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 the Determination of Design of Funding Mechanism: Te Tahua O Te Reo Kairangi, issued under section 419 of the Education and Training Act 2020 (the Act).

The determination is set out in the appendix of this letter and 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.

This letter details further guidance on Te Tahua O Te Reo Kairangi that is not necessary for the specifics of the funding determination and should be used to help guide the implementation of the Fund.

Under section 422 of the Act, it is the TEC's responsibility to develop implementation details of Te Tahua O Te Reo Kairangi.

Additional context for the development of Te Tahua O Te Reo Kairangi

The purpose of Te Tahua O Te Reo Kairangi is to support the growth and development of te reo Māori proficiency through tertiary education, and support language revitalisation through the development and delivery of programmes that contribute to high levels of language proficiency. This will support the growth of intergenerational language transmission and support the building of a workforce that is proficient in te reo Māori, especially within the education workforce.

Te Tahua O Te Reo Kairangi 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.

Ngā mihi,

Hon Chris Hipkins
Minister of Education

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

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 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; and
 - b. language revitalisation through the development and delivery of new or existing programmes that contribute to high levels of language proficiency.

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 2023.
5. The TEC may exercise any of its administrative functions before 1 January 2023 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;
 - b. a private training establishment;
 - c. a wānanga; or
 - d. a university.

Eligibility programmes or qualifications

7. The TEC must ensure that the funding allocated to a TEO under this funding

mechanism is only used for:

- a. new programmes or qualifications in te reo Māori delivered at level 5 and above on the NZQF provision that either:
 - i. support high levels of proficiency; or
 - ii. will be delivered in immersion settings.
- b. existing programmes or qualifications in te reo Māori delivered at level 5 and above on the NZQF that either:
 - i. support high levels of proficiency; or
 - ii. are delivered in immersion settings; and
 - iii. constitute a material expansion and/or improvement of the existing programme (and not “business as usual” development or programme maintenance).

Available Funding

8. The amount of the Fund that can be spent 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. contributes to the Government's goals and strategies of language revitalisation and the Government's education goals more generally; and
 - d. has regard to the Whakamātaura Tō Reo Māori framework, the Language Proficiency Framework¹ developed by Te Taura Whiri i te reo Māori (the Māori Language Commission) with the intention that learners progress through the framework levels toward higher levels of proficiency.
10. The TEC must develop a process for determining how to allocate funding for the programmes or qualifications that best meet the criteria in paragraph 7, and is consistent with paragraph 9.
11. The TEC must only provide funding from the Fund to eligible TEOs that are based in Aotearoa New Zealand that is in line with the purpose and eligibility criteria. Therefore, this excludes provision that is:
 - a. at NZQF level 4 and below, unless delivered as part of a programme, micro-credential or qualification at level 5 and above; and
 - b. at level 5 and above that is not te reo Māori provision and/or not delivered in

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

te reo Māori immersion settings.

PART TWO: FUNDING CONDITIONS

General conditions for off-Plan funding

12. 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

13. The TEC must attach the following specific conditions (detailed in paragraphs 14 to 22) on funding allocation under this funding mechanism.
14. 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.
15. 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 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.
16. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must provide to the TEC a plan of how it will measure whether the programme is contributing towards the purpose of the Fund.

Performance expectations and reporting

17. 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

18. 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 over-funding

19. 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.
- 20. 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

- 21. The TEC must attach to funding a condition that if, in accordance with clause 26, 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 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.

TEC Administrative Responsibilities

- 22. 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 Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



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 2023 until 31 December 2023. The new determination includes a 2.75 percent increase to all funding rates specified in the determination.

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.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'CH', with a long horizontal flourish extending to the right.

Hon Chris Hipkins
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 aligned¹ to the Vocational Pathways, 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 2023 to 31 December 2023.
5. The TEC may exercise any of its administrative functions outside those dates 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.

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.

TEC administrative responsibilities in the case of under-funding

7. If a tertiary education organisation (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.

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)	\$10,217	\$13,981
Wellbeing and Pathways Support Rate (tuition rate)	\$2,000	\$2,000
Tuition Rate total	\$12,217	\$15,981
+ Transport Assistance	\$1,000	\$1,000
GRAND TOTAL	\$13,217	\$16,981

12. When allocating funding for Youth Guarantee provision, the TEC must consider, without limitation, the following:
- a. the nature of the qualifications 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 \$224,340.00 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 for the purchase of 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)²;
- 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 funding is for delivery by Te Pūkenga or one or more of the subsidiaries of Te Pūkenga, Te Pūkenga or the relevant subsidiaries of Te Pūkenga are quality assured by the New Zealand Qualifications Authority (NZQA);
 - b. if the TEO is a wānanga or a PTE, the TEO is quality assured by NZQA; or
 - c. 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 to Level 3 provision to:
 - i. learners with no or low (Level 1) prior achievement; and

²This reference to Te Pūkenga includes any Te Pūkenga subsidiary as defined in section 10(1) of the Act.

- 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 pathway³ 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.

Cap on Youth Guarantee provision at Level 3

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

³As determined by the NZQA.

Performance measurement

33. 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.
34. 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.

PART TWO: FUNDING CONDITIONS

Conditions that the TEC must attach to funding

35. The TEC must attach the following specific conditions to funding paid 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 the criteria specified in paragraphs 22 and 23 of this funding mechanism.

Learners

37. 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

38. 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 paragraph 31 of this funding mechanism.

Reporting withdrawals to Ministry of Social Development

39. 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

40. 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; and
 - 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; and
 - c. must meet minimum performance expectations specified by the TEC.

TEO responsibilities for Youth Guarantee provision

41. 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.
42. 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.
43. The TEC may recover funding if a TEO exceeds the prior qualification limit in paragraph 42.
44. 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 qualifications 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 qualifications at Level 3 on the NZQCF.

Fees

45. 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 programme⁴; 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

46. 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.

Responsible use of funding

47. 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

48. 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.

⁴ 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.

49. For the avoidance of doubt, this condition also applies when a TEO has not used all of its transport assistance and exceptional circumstances travel assistance funding by the end of the funding period.
50. 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.
51. 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

52. The TEC must attach to funding a condition that if, in accordance with clause 16, 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:
 - 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.

Hon Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



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 2023. The new determination includes a 2.75 percent increase to all funding rates specified in the determination.

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

Yours sincerely,

A blue ink signature of Hon Chris Hipkins, consisting of stylized initials 'CH' followed by a surname.

Hon Chris Hipkins
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 2023.
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 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)¹;

¹ Unless context otherwise requires, references to "Te Pūkenga" include any Te Pūkenga subsidiary

Hon Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



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 2023. This includes a rate increase of 2.75 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,

A handwritten signature in blue ink, appearing to be 'CH', with a stylized flourish at the end.

Chris Hipkins
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 and learning gain.
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 as defined in paragraph 32(f) 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 2023 until 31 December 2023.
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 of study or training 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 to TEC; 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 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)¹;
 - 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 \$26.89 of funding from the ILN Fund to TEOs per hour of literacy, numeracy, or literacy and numeracy tuition.
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.

¹ Unless context otherwise requires, references to “Te Pūkenga” include any Te Pūkenga subsidiary as defined in section 10(1) of the Act.

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 funding is for delivery by Te Pūkenga or one or more of the subsidiaries of Te Pūkenga, Te Pūkenga or the relevant subsidiaries of Te Pūkenga are quality assured by the New Zealand Qualifications Authority (NZQA);
 - ii. if the TEO is a wānanga or a PTE, the TEO is quality assured by the NZQA;
 - iii. if the TEO is a university, the TEO is quality assured by the New Zealand Vice-Chancellors' Committee (Universities NZ); or
 - iv. 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 of study or training 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 of study or training 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; and
 - b. has low skill levels in literacy, numeracy, or literacy and numeracy as determined by the TEC.
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 of study or training 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 of study or training 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 of study or training for which the TEO receives funding from the ILN Fund.

B. THE WORKPLACE LITERACY AND NUMERACY FUND

Purpose

29. 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 and evaluation of literacy and numeracy learning in a workplace context.
30. The purposes can be achieved by:
- a. providing programmes of workplace literacy and numeracy training to employees; and
 - b. supporting workplaces to establish workplace literacy and numeracy provision.
31. 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

32. 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; or
- f. 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

- 33. The TEC must allocate up to \$80.66 of funding from the WLN Fund to TEOs (other than those TEOs in paragraph 32(f)) per hour of literacy, numeracy, or literacy and numeracy tuition.
- 34. 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.
- 35. The literacy, numeracy, or literacy and numeracy tuition must be delivered at the intensity of 40 hours over a 10 to 40 week period.
- 36. The TEC must monitor provision funded under the WLN Fund to ensure that it is delivered in accordance with paragraphs 34 and 35. TEO performance in respect of this must be used by the TEC to inform future allocations through this fund.

Employer-led strand

- 37. The TEC must allocate up to \$98.31 of funding per hour of literacy, numeracy, or literacy and numeracy tuition from the WLN Fund to TEOs defined in paragraph 32(f).
- 38. 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.

39. The literacy, numeracy, or literacy and numeracy tuition must be delivered at the intensity of 40 hours over a 10 to 40 week period.
40. The TEC must monitor provision funded under the WLN Fund to ensure that it is delivered in accordance with paragraphs 38 and 39. TEO performance in respect of this must be used by the TEC to inform future allocations through this fund.

TEO eligibility

41. The TEC must only fund a TEO from the WLN Fund if the TEO:
- a. is a TEO as defined in paragraph 32;
 - 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; and
 - c. is able to offer an eligible programme as set out in paragraph 43; or
 - d. if the TEO is an employer as defined in paragraph 32(f) and is able to offer an eligible programme as set out in paragraphs 43 and 45; and
 - e. is quality assured as follows (other than an employer as defined in paragraph 32(f)):
 - i. if the funding is for delivery by Te Pūkenga or one or more of the subsidiaries of Te Pūkenga, Te Pūkenga or the relevant subsidiaries of Te Pūkenga are quality assured by NZQA;
 - ii. if the TEO is a wānanga or a PTE, the TEO is quality assured by NZQA;
 - iii. if the TEO is a university, the TEO is quality assured by Universities NZ; or
 - iv. if the TEO is a State or State integrated school, the TEO is quality assured by the Education Review Office.
42. 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 41.

Programme eligibility

43. 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.
44. The TEC must attach to funding a condition that a TEO that receives funding from the WLN Fund must ensure that a programme of study or training in which an eligible learner is enrolled meets and continues to meet the eligibility criteria specified in paragraph 43.
45. In addition to paragraph 43, the TEC must only fund a TEO that is an employer as defined in paragraph 32(f), 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.
46. The TEC must attach to funding a condition that a TEO that is an employer as defined in paragraph 32(f), 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 43 and 45.

Learner eligibility

47. 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 in the paid workforce; and
 - d. 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 credential identified as being delivered in the provider-based, extramural, or work-based: pathway to work modes of delivery²;
 - iv. enrolled in a programme or credential at Level 4 or above on the New Zealand Qualifications and Credentials Framework (NZQCF); or
 - v. enrolled in a New Zealand Apprenticeship.
48. 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 credential meets the eligibility criteria specified in paragraph 47, and continues to meet the eligibility criteria in paragraph 47 (with the exception of the criterion in paragraph 47(b)); and
 - b. verify the identity of each learner enrolled in a programme or credential to confirm the learner's eligibility, in accordance with the requirements developed by the TEC.

Fees

49. 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

50. The TEC must attach to funding a condition that a TEO that is an employer as defined in paragraph 32(f) 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.

² As defined in the funding determination for non-degree delivery at levels 3-7 on the NZQCF and all industry training

C. THE ADULT LITERACY EDUCATOR FUND

Purpose

51. 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

52. 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

53. 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 \$2,152 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

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

- a. is one of the TEOs defined in paragraph 52;
- b. is able to offer an eligible programme as set out in paragraph 56; and
- c. is quality assured as follows:
 - i. if the funding is for delivery by Te Pūkenga or one or more of the subsidiaries of Te Pūkenga, Te Pūkenga or the relevant subsidiaries of Te Pūkenga are quality assured by NZQA;
 - ii. if the TEO is a wānanga or a PTE, the TEO is quality assured by NZQA; or
 - iii. if the TEO is a university, the TEO is quality assured by Universities NZ.

55. 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 54.

Programme eligibility

56. The TEC must only fund a TEO from the ALE Fund for tuition fees top-ups for a programme of study or training if the programme leads to a literacy and numeracy educator qualification (or qualifications) at Level 5 on the NZQCF.
57. 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.
58. The TEC must attach to funding a condition that a TEO that receives funding from the ALE Fund must ensure that a programme of study or training in which a learner is enrolled meets and continues to meet the eligibility criteria specified in paragraph 56.

Learner eligibility

59. 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 of study or training that leads to an appropriate qualification.
60. 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 of study or training meets and continues to meet the eligibility criteria specified in paragraph 59; and
 - b. verify the identity of each learner enrolled in a programme of study or training to confirm the learner’s eligibility, in accordance with the requirements developed by the TEC.

- 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 ACE funding is for delivery by Te Pūkenga or one or more of the subsidiaries of Te Pūkenga, Te Pūkenga or the relevant subsidiaries of Te Pūkenga are quality assured by the New Zealand Qualifications Authority (NZQA);
 - b. if the TEO is a wānanga, or a PTE (including REAP providers that are registered providers²) the TEO is quality assured by NZQA; or
 - c. 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 \$4,779.00 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.

² Some REAPs are community organisations.

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 (\$10.28 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.

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 need 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 of study or training 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 (including ESOL), 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/ESOL to learners who identify as having English language needs (if the TEO receives funding under this funding mechanism for ACE provision in English language/ESOL).

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 of study or training 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 of study or training 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 of study or training 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); 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 of study or training to a group or class of secondary school students, even if the programme of study or training 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 programme³; 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 of study or training 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 of study or training 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:

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. 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
 - 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 and:
- 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 Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



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

Dear Jenn,

Determination of Design of Funding Mechanism: Specialised English for Speakers of Other Languages

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 Specialised English for Speakers of Other Languages.

The new determination is set out in the appendix to this letter. The determination covers the funding of Specialised English for Speakers of Other Languages provision delivered from 1 January 2023. The new determination includes a 2.75 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,

A handwritten signature in blue ink, appearing to be 'CH', representing Chris Hipkins.

Chris Hipkins
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: SPECIALISED ENGLISH FOR SPEAKERS OF OTHER LANGUAGES

PRELIMINARY PROVISIONS

Statutory authority

1. This funding mechanism for Specialised English for Speakers of Other Languages is made under section 419 of the Education and Training Act 2020 (the Act).

Purpose

2. Specialised English for Speakers of Other Languages (ESOL) comprises two funds:
 - a. the Intensive Literacy and Numeracy Fund, ESOL Fund (ILN ESOL Fund); and
 - b. the Intensive Literacy and Numeracy, Refugee English Fund (ILN Refugee English Fund).
3. The purpose of these specialised ESOL 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.
4. For the avoidance of doubt, the general parameters and conditions included in this funding mechanism apply to both funds unless stated otherwise.

On-Plan funding

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

PART ONE: THE FUNDING MECHANISM

GENERAL PARAMETERS

Effective period

6. This funding mechanism is to fund specialised ESOL provision delivered from 1 January 2023.
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 ESOL FUND

Purpose

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

Funding rate

12. The TEC must allocate \$20.17 of funding from the ILN ESOL Fund to TEOs per hour of ESOL tuition.
13. The total hours of ESOL 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. ESOL tuition must be delivered at the intensity of 5 to 40 hours per week.

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.

15. The TEC must monitor provision funded under the ILN ESOL 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 ESOL 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)²;
 - iii. a wānanga;
 - iv. a private training establishment (PTE);
 - v. a State school or State integrated school;
 - vi. a rural education activities programme (REAP) provider; or
 - vii. a community organisation; and
 - b. has demonstrated expertise in delivering ESOL to adult refugee-background learners and migrants.
17. The TEC must only fund an organisation from the ILN ESOL Fund if the organisation (other than a community organisation³) is quality assured as follows:
- a. if the funding is for delivery by Te Pūkenga or one or more of the subsidiaries of Te Pūkenga, Te Pūkenga or the relevant subsidiaries of Te Pūkenga are quality assured by the New Zealand Qualifications Authority (NZQA);
 - b. if the TEO is a wānanga, or a PTE (including REAP providers that are registered providers⁴) the TEO is quality assured by NZQA; or
 - c. if the TEO is a State or State integrated school, the TEO is quality assured by the Education Review Office; or
 - d. If the TEO is a university, the TEO is quality assured by the New Zealand Vice-Chancellors' Committee.

Programme eligibility

18. The TEC must only fund a programme of study or training from the ILN ESOL Fund that:

² Unless context otherwise requires, references to "Te Pūkenga" includes any Te Pūkenga subsidiary as defined in section 10(1) of the Act.

³ Some REAPs are community organisations

⁴ Some REAPs are community organisations.

- a. has English language and literacy outcomes;
- b. is taught by appropriately qualified and experienced ESOL 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 ESOL 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.

B. THE ILN REFUGEE ENGLISH FUND

Purpose

20. 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 ESOL programmes at Level 3 or above on the New Zealand Qualifications and Credentials Framework (NZQCF).

Funding rates

21. The TEC must allocate funding to TEOs on the basis of:
- a. a specified number of fees-free places in ESOL programmes at Level 3 and above on the NZQCF;
 - b. the tuition fees charged for enrolment in ESOL programmes at Level 3 and above on the NZQCF; and
 - c. pastoral care of \$431 per place, to be used for supporting the educational achievement of learners.⁵

TEO eligibility

22. For the purposes of the ILN Refugee ESOL Fund, an organisation is a TEO if it:
- a. is one of the following:
 - i. a university;

⁵ This pastoral care may also be shared with other refugee-background learners at the TEO.

- ii. Te Pūkenga;
 - iii. a wānanga; or
 - iv. a PTE; and
 - b. is experienced in educating refugee-background learners.
23. The TEC must only fund an organisation from the ILN Refugee English Fund if the organisation is quality assured as follows:
- a. if the funding is for delivery by Te Pūkenga or one or more of the subsidiaries of Te Pūkenga, Te Pūkenga or the relevant subsidiaries of Te Pūkenga are quality assured by the NZQA;
 - b. if the TEO is a wānanga or a PTE, the TEO is quality assured by NZQA; or
 - c. if the TEO is a university, the TEO is quality assured by New Zealand Vice-Chancellors' Committee.

Programme eligibility

24. The TEC must only fund a TEO for a programme of study or training funded from the ILN Refugee English Fund if the programme:
- a. is a qualification or course at Level 3 or above on the NZQCF that supports ESOL learners with English, and can include skills in preparation for further study; and
 - b. has been quality assured by either NZQA or the New Zealand Vice-Chancellors' Committee (where appropriate).

Learner eligibility

25. 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 26 of this funding mechanism; or
 - ii. other special circumstances, related to their transition to residence in New Zealand, as outlined in paragraph 27 of this funding mechanism.
26. For learner eligibility, the term “refugee-background” covers:
- a. refugees or protected persons⁶; and/or

⁶ 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.

- 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.⁷
- 27. 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 visa, and family members who hold residence visas through their relationship to holders of a Christchurch Response Visa (or those who would have been eligible but were already holding another residence visa). These resident visa types for family members include:
 - a. Partner of New Zealander resident visa;
 - b. Dependent child resident visa;
 - c. Parent resident visa; or
 - d. Resident visa granted by discretion under Section 61 of the Immigration Act.

PART TWO: FUNDING CONDITIONS

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

Tertiary Education Organisations

- 29. 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 ESOL Fund; or
 - b. paragraphs 22 and 23 of this funding mechanism, if the funding is from the ILN Refugee English Fund.

Programmes

- 30. 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 ESOL Fund; or

⁷ 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.

- b. paragraph 24 of this funding mechanism, if the funding is from the ILN Refugee English Fund.

Learners

- 31. 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 of study or training continues to meet the criteria specified at:
 - i. paragraph 19 of this funding mechanism, if the funding is from the ILN ESOL Fund; or
 - ii. paragraph 25 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 ESOL Fund

- 32. The TEC must attach to funding a condition that a TEO that receives funding from the ILN ESOL 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.
- 33. The TEC must attach to funding a condition that a TEO that receives funding from the ILN ESOL Fund must only allow a learner to re-enrol in a programme funded through the ILN ESOL Fund for a period of up to five years in total unless the TEO has received prior written approval from the TEC to enrol a learner outside of the five-year timeframe.

TEO responsibilities: ILN Refugee English Fund

- 34. 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 for a period of up to three years in total.
- 35. 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 supports the educational achievement of each learner.

Reporting withdrawals to Ministry of Social Development

- 36. 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 that withdrawal. This is to enable student loans and student allowances to be cancelled as soon as possible.

Fees

37. 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

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

No other funding

39. 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 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 subparagraph (a) of this condition.

Responsible use of funding

40. 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

41. 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.
42. 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

43. The TEC must attach to funding a condition that if, in accordance with clause 16, 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 Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



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 2023. The new determination includes a 2.75 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 for the design of funding mechanisms.

Yours sincerely

A blue ink signature of Hon Chris Hipkins.

Hon Chris Hipkins
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 sustainable trades or trades-related employment, including New Zealand Apprenticeships and other successful vocational programmes at Level 3 and above on the New Zealand Qualifications and Credentials Framework (NZQCF). Progression to further provider-based vocational training at Level 4 or above 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 funding determination for delivery at levels 3-7 (non-degree) on the NZQCF and all industry training (DQ3-7) 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 sustainable 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 funding determination for delivery on the NZQCF at levels 1 and 2 (DQ1-2) and/or DQ3-7 (together referred to as DQ funding for the purposes of this 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 2023.
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.
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

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

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

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 \$5,266 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 \$1,214 per individual learner up to the total number of learners agreed by the TEC, and at the brokerage rate applicable at the time the learner enrolled. 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 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.

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 funding is for delivery by Te Pūkenga or one or more of the subsidiaries of Te Pūkenga, Te Pūkenga or the relevant subsidiaries of Te Pūkenga are quality assured by the NZQA;
 - B. if the TEO is a wānanga or a PTE, the TEO is quality assured by the NZQA; or
 - C. if the TEO is a university, the TEO is quality assured by the New Zealand Vice-Chancellors' Committee; 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 subparagraph (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.
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. a TEO that is eligible for MPTT funding for fees top-ups or brokerage.

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 an eligible learner, 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; and
 - b. Māori³ or Pacific^{4,5}; and
 - c. aged 16 to 40 years of age (inclusive) at the start date of the first course in the programme of study or training; 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 2 and 3.

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 of study leading to the award of a qualification at Levels 1-4 on the NZQCF; or
 - ii. a micro-credential of between 40 and 45 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 a traineeship; or
 - b. a micro-credential if the TEC considers on reasonable grounds that a majority of the 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.
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 of study or training, 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 a traineeship; or
 - ii. a micro-credential if the TEC considers on reasonable grounds that a majority of the 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.

Hon Chris Hipkins

MP for Remutaka

Minister of Education

Minister of Police

Minister for the Public Service

Leader of the House



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

Dear Jenn

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

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 on the New Zealand Qualifications and Credentials Framework (NZQCF) at levels 1 and 2.

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 2023. The new determination includes a 2.75 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 for the design of funding mechanisms.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'CH' followed by a stylized flourish.

Chris Hipkins
Minister of Education

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

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 on the New Zealand Qualifications and Credentials Framework (NZQCF) at qualification levels 1 and 2 (DQ1-2); and
 - b. special supplementary grant (SSG) funding for special education.

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 special 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.

PART ONE: THE FUNDING MECHANISM

General parameters

Effective period

7. This funding mechanism applies to the funding of eligible programmes, micro-credentials and credentials that are delivered from 1 January 2023 to 31 December 2023.
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 that 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 qualification or micro-credential in which eligible learners are enrolled.

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 the learner workload that would normally be carried out by a learner enrolled full-time in a single academic or calendar year.
19. The EFTS value of a qualification represents the TEC's assessment of the normal minimum time for a successful full-time student 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 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 - The New Zealand Institute of Skills and Technology (Te Pūkenga)¹;
 - b. a wānanga;

¹ This reference to Te Pūkenga includes any Te Pūkenga subsidiary as defined in section 10(1) of the Act.

- 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 funding is for delivery by Te Pūkenga or one or more of the subsidiaries of Te Pūkenga, Te Pūkenga or the relevant subsidiaries of Te Pūkenga are quality assured by the New Zealand Qualifications Authority (NZQA);
 - b. if the TEO is a wānanga or a PTE, the TEO is quality assured by NZQA; or
 - c. if the TEO is a university, the TEO is quality assured by the New Zealand Vice-Chancellors' Committee.

Eligibility of learners

24. The TEC must ensure that the funding that is allocated to a TEO under this funding mechanism is only used for valid domestic enrolments, as defined by paragraphs 12 and 13.
25. The TEC must take into account a TEO's enrolment practices for learners with prior qualifications/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 for Speakers of Other Languages (ESOL) 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, qualifications, 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 the New Zealand Vice-Chancellors' Committee (where appropriate); or
 - ii. part of a micro-credential that:
 - A. leads to an award with a credit value at least 20 credits; and
 - B. has been quality assured by NZQA; 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 qualifications in ESOL or Te Reo Māori);
 - d. includes an effective assessment process for determining the literacy and numeracy needs of eligible funded learners and provide 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 the New Zealand Vice-Chancellors' Committee.
31. The TEC may restrict the availability of micro-credentials, by developing criteria limiting the eligibility of related courses or programmes for funding under this mechanism.

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

Ineligible programmes and micro-credentials

32. The TEC must ensure that funding paid to a TEO under this funding mechanism is not used for programmes of study or micro-credentials 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.

Special supplementary grant (SSG) for special education

33. The TEC may provide SSG funding for additional tutor support for special 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.
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. 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 TEO 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 student.

Programmes, qualifications and micro-credentials

- 44. 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.
- 45. The TEC must attach to funding, a condition that a TEO that receives funding under this funding mechanism must 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.
- 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 the programme or micro-credential in which an eligible learner is enrolled does not relate to health and safety or regulatory compliance, 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, micro-credential or qualification 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 qualification.
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, programme, or qualification³; 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 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.

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.

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:
- 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, 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 and:
- 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 69.
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 in the use of fees for student services to students; and
 - 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

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; and
 - b. the types of services to be delivered (within the permitted categories set out below); and
 - c. the procurement of these services; and
 - d. the method for authorising expenditure on these services.
65. **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.
66. **Reporting on student services fees:** Institutions must provide information on all student services fees through their annual report, and registered Private Training Establishments (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; and
 - b. a statement of the fee income and expenditure for each type of student service; and
 - 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 65.
67. **Private training establishment's written reports to students:** Registered PTEs charging a student service fee must provide to the Tertiary Education Commission 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
68. **Publishing information online:** TEOs charging student services fees must, as soon as reasonably practicable each year, publish the following information on their website:
- a. basic student services fee information for the year, including the amount charged per EFTS (or however it is calculated) and a description of the student services the fee supports; and
 - b. a description of the current year's student services fee decision-making process – including a description of how the current fees and services offered were determined, how consultation with students occurred, and what the decisions were; and
 - c. 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.
69. **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 newspapers, radio, television and internet-based media.
- h. *Childcare services* – Providing affordable childcare services while parents 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 DQ1-2 FUNDING

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

DQ1-2 classification of qualifications and micro-credentials	Funding rate/EFTS (GST Excl)
English for Speakers of Other Languages	\$8,603.00
General foundation education	\$9,141.00
Services	\$9,680.00
Supported Learning	\$13,981.00
Te Reo Maori	\$8,603.00
Trades	\$13,981.00
Delivery in a Correctional Facility	\$13,981.00