

# Supplementary Plan Guidance for Industry Training Organisations (ITOs) for 2014 Plans

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# Introduction

This Supplementary Plan Guidance sets out the expectations of the Tertiary Education Commission (TEC) for Industry Training Organisations (ITOs) submitting proposed Investment Plans (Plans) in 2013 seeking funding approval from 2014. It **supplements** existing [TEC Plan Guidance for 2013-2015](#), and **replaces** the ITO-specific content in **Section Two** of the [2013 Initial Plan Guidance for ITOs](#).

The Supplementary Guidance should be considered alongside the *Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice 2013* at page 17, which gives our requirements for Plans as per the relevant provisions of the Education Act 1989. The Gazette notice sets out:

- the information that proposed Plans must contain (sections 159P and 159R of the Act)
- the kind of background or supplementary information TEC requires in relation to a proposed Plan (section 159R)
- the timetable and process for submitting proposed Plans (section 159R)
- the organisations that are exempt from submitting Plans (section 159U)
- the criteria against which the TEC will assess proposed Plans (section 159Y).

The only change to this notice compared to that included with 2013 Plan Guidance is that TEC has introduced a new decision-making criterion that it will use to assess Plans for funding from 2014. The new criterion (underlined in the attached Gazette notice) is “the extent to which the institution/TEO has complied with its obligations to report to TEC”.

If you have questions about developing your proposed Plan, please contact your investment manager.

## Duration of Plans

The duration of TEC’s funding approval for Plans is effectively set by funding determinations released by the Minister for Tertiary Education, Skills and Employment under section 159L of the Education Act 1989.

In 2013, TEC expects to approve funding for Plans for ITOs for up to two years (i.e. 2014-2015). However, we expect ITOs’ Plans to reflect a three-year planning horizon (2014-2016) as far as possible.

## Structure of this document

Section One of this document sets the scene by presenting some key information from existing Plan Guidance for ITOs.

Section Two gives an overview of recent Government policy changes in industry training.

Section Three explains what TEC is looking for from ITOs from 2014, and the shifts we expect to see in their new Plans.

Section Four provides basic information about administrative processes associated with Plans for 2014. More detailed information is available on TEC's [website](#).

One Gazette notice is attached at the back of this document:

- *Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice 2013*

Note that the Gazette notice *Education (Matters That An Organisation That Has a Plan Must Include in a Plan Summary) Notice*, which accompanied the 2013 Plan Guidance, is unchanged.

You can also find these notices published online in the New Zealand Gazette.

## Glossary

|         |  |
|---------|--|
| ACE     | Adult and Community Education.   |
| AUSSE   | Australian Survey of Student Engagement.   |
| CoREs   | Centres of Research Excellence – are inter-institutional research networks, with researchers working together on a commonly agreed work programme. Each Centre of Research Excellence is hosted by a university and comprises a number of partner organisations including other universities, Crown Research Institutes and wānanga. |
| EPIs    | Educational Performance Indicators used to measure the performance of tertiary education organisations. The current Educational Performance Indicators are course completion, qualification completion, learner progression and learner retention.   |
| EFTS    | Equivalent Full-Time Student – a measure of the amount of study or work load required to undertake a programme of work (paper, module or unit).  |
| Gateway | A programme available to state and integrated schools to support senior secondary students undertaking structured workplace learning across a range of industries and businesses, while continuing studying at school.   |
| IPENZ   | Institution of Professional Engineers New Zealand.   |
| ITF     | Industry Training Fund – funding of training that will be, or is likely to be of use to a particular industry. It is delivered by and to people involved in a particular industry.   |
| ITO     | Industry Training Organisation – an industry specific body recognised under section 5 or 8(1) of the Industry Training Act 1992 which facilitates workplace learning for trainees in employment by setting national skills standards for their industry.   |
| ITPs    | Institutes of Technology and Polytechnics.   |
| LLN     | Literacy, Language and Numeracy.   |
| NEET    | Not in Education, Employment or Training.  |
| NZQA    | New Zealand Qualifications Authority – a Crown Entity charged with approving qualifications and components, and registering and accrediting Tertiary Education Organisations (other than universities) to deliver against these qualifications and/or assess against standards.  |
| NZQF    | New Zealand Qualifications Framework – contains a list of all nationally registered qualifications.  |
| PBRF    | Performance Based Research Fund – a fund established to ensure that excellent research in the tertiary education sector is funded and rewarded. The PBRF is accessed by universities, ITPs, wānanga and PTEs.  |
| PTE     | Private Training Establishment – A PTE is a privately owned education organisation, registered with the New Zealand Qualifications Authority, that provides education, training or assessment services.  |
| SAC     | Student Achievement Component – the Government’s contribution to the direct costs of teaching, learning, and other costs driven by learner   |

|      |  |
|------|--|
|      | numbers.   |
| STEM | Science, Technology, Engineering and Mathematics.  |
| STM  | Standard Training Measure – the unit of funding used for ITOs, being the amount of training that is required for a trainee to achieve 120 register credits (or its equivalent) in an approved structured training programme. |
| TEI  | Tertiary Education Institution – established under section 162 of the Education Act 1989 (universities, ITPs, colleges of education, specialist colleges and formally established wānanga).                                  |
| TEO  | Tertiary Education Organisation – public, private or community based organisation, offering tertiary education or tertiary related services.   |
| TES  | Tertiary Education Strategy – a high level set of priorities and associated strategies issued by the Minister for Tertiary Education, Skills and Employment as required by legislation.                                      |

# Section One: Key information from existing Plan Guidance

We encourage you to re-read Sections One and Two of TEC's [2013 Initial Plan Guidance for ITOs](#) in their entirety, as the new document you are now reading is a supplement to (rather than a replacement of) the existing document. The information below from the existing document is presented here for quick reference.

## TEC's eight priorities for Plans

TEC's 2013 Initial Plan Guidance for ITOs notes eight priorities for TEO Plans over the period to 2015, in addition to regional focuses on Canterbury and Auckland:

1. A bigger and clearer economic contribution to society
2. More learners engaged in study toward STEM qualifications
3. Managing for performance
4. Better outcomes for Māori and Pasifika learners
5. Information for learners
6. Pathways and transitions
7. Literacy, language and numeracy (LLN)
8. International education.

Please see the Initial Plan Guidance 2013-2015 for a general explanation of what TEC is seeking with respect to each of these priorities.

## What a high-performing ITO looks like

TEC's 2013 Initial Plan Guidance for ITOs also notes that a high-performing ITO must:

- identify and seek to address current and future skill requirements for its industries
- connect its industries with the tertiary education system by developing and maintaining national qualifications and a network of delivery that produce employees with critical thinking skills for current and future employment opportunities
- work with industry and employers to identify relevant skills and employment pathways for learners nationally
- engage with iwi and Māori and Pasifika economic development stakeholders to grow demand for industry training by Māori and Pasifika people, particularly in high growth areas and for higher skilled jobs
- identify, in collaboration with other TEOs and industry, tertiary system approaches for effective technology transfer within a workplace

- engage effectively with industry on vocational education and training solutions that can be used to enhance productivity.

A high-performing ITO must also have the capability and capacity (including scale) to tolerate changing economic conditions, financial viability and long term sustainability, and the ability to meet higher education standards.

The Government has made significant policy changes to industry training over the past 18 months to create a system in which all ITOs have clear incentives to demonstrate the characteristics listed above, and which delivers good value for money. These are described in Section Two below. Section Three outlines the specific implications for ITO Plans in 2014-2015.

## Section Two: Recent policy changes in industry training

**The Government's recent changes to the industry training system are intended to:**

- **combine all apprentice-type training together into New Zealand Apprenticeships**
- **introduce a sustainable funding regime for New Zealand Apprenticeships and other industry training**
- **set clearer roles and performance expectations of ITOs**
- **increase the number of apprentices, particularly for the coming construction boom**
- **increase competition by allowing employers and other organisations direct access to industry training funding**

### **Background**

In 2011 the Minister for Tertiary Education, Skills and Employment commissioned the Ministry of Education to undertake a policy review of industry training. The review was in response to concerns raised about the performance of the sector. TEC had undertaken reviews of compliance and operational policy settings in response to these concerns, and had implemented a number of operational policy changes from 2011. The Minister's review had the wider mandate of considering the extent to which the industry training system delivered the skills to maximise the productive potential of New Zealand industries and the employment and earnings of people in the workforce.

The review was completed and changes to the system were approved by Cabinet in January 2013.

### **Key changes**

#### ***Combine all apprentice-type training together into New Zealand Apprenticeships***

From 2014 all apprentice-type training will be combined into New Zealand Apprenticeships (NZ Apprenticeships) that will provide quality support for apprentices regardless of age. NZ Apprenticeships must:

- provide an entry point into an occupation setting a person up for a career in an industry



- meet any regulatory requirements for entry into an occupation
- contain a strong theoretical component to support further learning as well as a practical element.

The following criteria further define a NZ Apprentice:

- an apprentice must be employed in the occupation for which they are training
- throughout the apprenticeship an apprentice must be supported by a training plan agreed by the apprentice, the employer and the organisation arranging the training
- all NZ Apprenticeships will result in (at least) a level 4 New Zealand qualification comprising a minimum of 120 credits, which includes a strong theoretical component
- TEC will approve NZ Apprenticeships and maintain a register
- it is expected that on completing a NZ Apprenticeship, the apprentice will be 'work competent' for the occupation in which they have been training, and that industry will determine the standard of competency to be met
- qualifications may be completed through different training pathways, including periods of full time study between periods of employment. Employment may include voluntary employment where appropriate.

The following interim arrangements enable some Apprenticeship qualifications to be funded at the NZ Apprenticeships rate through to 1 January 2016:

- an apprentice must be employed in the occupation for which they are training
- throughout the apprenticeship an apprentice must be supported by a training plan agreed by the apprentice, the employer and the organisation arranging the training; and either
  - complex arrangements (multiple qualifications) of at least 120 credits can make up a NZ Apprenticeship, provided that the complex arrangements include only level 3 and 4 qualifications and at least 60 credits of any complex arrangement is at level 4; or
  - national qualifications at level 4 of at least 120 credits can make up a NZ Apprenticeship; and
- TEC has discretion to approve funding for all such arrangements on an on-going basis.

Interim arrangements will apply to some apprenticeships and qualifications that are yet to undergo a mandatory review, so that ITOs and industries can realign some of their qualifications to the new criteria.

### ***Transition arrangements for Modern Apprentices***

- Up to a four year transition arrangement will be in place to allow those Modern Apprentices (MAs) still in training at the end of 2013 to continue under the current arrangements.
- MAs will continue to attract a brokerage fee for non-ITO MACs or for programmes that do not meet the future definition of a NZ Apprentice.

- MAs enrolled with ITO MACs will attract the new NZ Apprenticeship funding rate.
- The Modern Apprenticeship Act will be repealed and the Industry Training Act will include transitional arrangements for MAs.
- Alternative arrangements will be made for the apprentice where a MAC decides not to renew its contract.
- ITOs are able to contract MACs to support NZ Apprentices.

### ***Introduce a sustainable funding regime for New Zealand Apprenticeships and other industry training***

From 1 January 2014, the Standard Training Measure (STM) rate for NZ Apprenticeships is \$5,200, and the rate for other trainees is \$3,200. Modern Apprenticeship Brokerage (MAB) funding is being phased out and the trainee support function funded by MAB is incorporated into the higher NZ Apprenticeship rate.

Industry training will continue to be co-funded between Government and employers. Industry cash contribution will be 30% for industry trainees and of 20% for NZ Apprenticeships.

### ***Set clearer roles and performance expectations of industry training organisations***

ITOs are to focus on arranging training and standard setting for their industries. From 1 January 2014 the former statutory role of skills leadership will not be a mandatory requirement.

There are increased performance expectations for ITOs, which will be formalised through the Investment Plan process. Details of the Educational Performance Framework being developed to underpin this are included below.

The level of service provided by ITOs to employers and trainees will be an area of increased focus by TEC.

### ***Increase the number of apprentices, particularly for the coming construction boom***

The “Apprenticeship Re-boot” initiative is designed to lift the profile of, and participation in, the new apprenticeship system. It provides a payment to the first 10,000 apprentices or trainees who meet the eligibility criteria.

ITOs administer Re-boot funding on behalf of the Crown through a contractual arrangement with TEC.

Detailed information is available on TEC’s [website](#).

### ***Increase competition by allowing employers and other organisations direct access to industry training funding***

The purpose of the direct funding scheme is to drive up performance and innovation in industry training via increased competition. The scheme will allow employers with

significant numbers of industry trainees and other organisations to access the Industry Training Fund directly from 2014. ITOs are not eligible to apply.

More information about the direct funding scheme will be available on the TEC website as the details are finalised.

### ***Educational Performance Framework***

The review of industry training found that the performance of ITOs has been variable. A key outcome of the review was to seek improvement in the quality of industry training and ITOs' service to employers and trainees. Increased performance expectations for ITOs will be formalised through the Investment Plan process. Specific expectations include higher credit and qualification completion rates and new expectations of trainee progression to higher levels. Published EPIs are expected to include qualification completions, credit completions and progression from Levels 1 and 2 to higher levels from 2014.

TEC expects ITOs to actively monitor the progress of their trainees and apprentices and use this information to ensure appropriate support and resources are provided.

### ***Performance Threshold for Funding***

A performance threshold has been introduced for proposing the initial allocations that form the starting point for engagement in the investment planning process. Introducing this performance threshold brings the ITO sector into line with the other tertiary sectors.

## Section Three: What TEC wants to see in ITO Plans from 2014

**TEC expects ITOs to focus on:**

- **implementing the changes to the industry training system arising from the Industry Training Review**
- **simplifying and strengthening the sector**
- **supporting and arranging training, and standard setting**
- **raising trainee achievement rates**
- **improving opportunities for progression**
- **improving Māori and Pasifika achievement**
- **ensuring that levels one to three provision includes embedded literacy and numeracy**

### **The planning environment**

#### ***Implementation of Industry Training Review recommendations***

Throughout 2013 TEC is working with the sector to implement the recommendations of the Industry Training Review. A key focus for the ITO sector in 2014 will be the operationalisation of the changes outlined in Section Two.

### **Priorities for 2014-2015**

#### ***Simplifying and strengthening the ITO sector***

The Government wants a robust, well-connected and efficient ITO sector, and the development of critical mass and economies of scale that larger ITOs can provide.

TEC expects ITOs to continue to focus on simplifying and strengthening the sector and improving its coherence. This should happen through shared service arrangements, improved governance and management capability, and strategic mergers that result in fewer, larger ITOs, each of which provides national coverage for a natural grouping of industries.

In the 2014-2015 investment round TEC will be seeking to fund well-scaled and high performing ITOs.

#### ***Supporting and arranging training, and standard setting***

ITOs must be well-connected to industry, and qualifications should embody skills that are valued by industry and are useful for employees. ITOs need to ensure that

training arrangements take account of the educational needs of trainees and the priorities of business.

ITOs should lead the development of advanced trade qualifications through collaborative arrangements with Institutes of Technology and Polytechnics (ITPs) and other Tertiary Education Organisations relevant to their industry, and work to increase the uptake of these qualifications across the tertiary education sector. In particular they should focus on developing and maintaining national qualifications and a network of delivery that produce employees with critical thinking skills for current and future employment opportunities and labour market demands.

ITOs are accountable for continuing to effectively monitor and support the training arrangements for trainees, both in terms of ensuring effective learning in the workplace and the quality of provision purchased from ITPs, wānanga and Private Training Establishments. ITOs should proactively communicate the achievements and progress of apprentices and trainees to employers. The level of service provided by ITOs to employers and trainees will be an area of increased focus by TEC.

ITOs are expected to ensure that the rate of the industry cash contribution (ICC) meets or exceeds the Government's expectations. From 1 January 2014 ICC will be 30% for industry trainees and 20% for NZ Apprentices. Industry cash contribution will be a key consideration when TEC considers an ITO's application for recognition.

### ***Raising trainee achievement rates***

TEC will measure the extent to which trainees are developing skills and competencies that should contribute to the productivity of workplaces (through the credits achieved by each trainee) and the attainment of qualifications. From 2014 trainee progression from Levels 1 and 2 to higher levels will be introduced as a new measure and ITOs will need to address this in their planning. This measure will be included in the annually published Educational Performance Indicators.

ITOs will also need to improve the rate at which trainees enrolled in Limited Credit Programmes progress to and complete National Certificates.

Trainee achievement rates will influence future funding allocations to ITOs.

### ***Improving opportunities for progression***

TEC expects ITOs to support more young people to move successfully from school into tertiary education and training in employment. This includes ensuring that young people can make informed decisions about training that will lead to employment in relevant industries and, where training is arranged by the ITO, ensuring that young trainees are well-supported to successfully complete the training.

Collaboration with other ITOs, tertiary providers, and schools (where appropriate) should also provide learners with more effective opportunities to progress to higher qualifications, thereby reducing unnecessary duplication of provision.

ITOs should begin to incorporate use of The Vocational Pathways released by the Ministry of Education in 2013. The current version of The Vocational Pathways covers NCEA Level 2 unit and achievement standards. A version that includes

NCEA Level 3 is intended for release during 2014. Full incorporation of The Vocational Pathways into business as usual will be expected from 2015.

### ***Improving Māori and Pasifika achievement***

Improving the participation and achievement of Māori and Pasifika trainees is critical to New Zealand's future social and economic success, as they comprise an increasing proportion of the workforce. A world-leading education system is an important first step towards a productive and growing economy that delivers greater prosperity, security and opportunity for all New Zealanders.<sup>1</sup>

In order to improve outcomes for Māori and Pasifika trainees at all levels TEC has introduced participation and achievement targets which aim for parity with other groups by 2015. ITOs should also support Māori and Pasifika trainees to progress to higher-level qualifications. Where participation is low relative to industry workforce levels, ITOs need to engage with employers, iwi, and Māori and Pasifika economic development stakeholders to grow demand for industry training by Māori and Pasifika people, particularly in high growth areas and for higher skilled jobs.

ITOs should share and make use of research about training practices that are culturally responsive to Māori and Pasifika trainees and facilitate good outcomes, and ensure these practices have effective pastoral and academic support.<sup>2</sup>

### ***Ensuring that Levels one to three provision includes Embedded Literacy and Numeracy***

Embedded literacy and numeracy (ELN) funding ceases at the end of 2013 following a \$39 million investment in capability since 2006. ELN moves to a 'business as usual' activity from 2014 and ITOs must ensure that all Levels one to three provision has literacy and numeracy embedded. This will be a condition for future funding.

All trainees enrolled in qualifications at Levels one to three must be assessed using the Literacy and Numeracy for Adults Assessment Tool (LNAAT). TEC will measure and report on learner gain as captured in LNAAT.

Support for individual trainees will be available through the Workplace Literacy fund. However, trainees cannot be enrolled in industry training and attracting industry training funding while in funded Workplace Literacy training.

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<sup>1</sup> [The Maori Economic Development Strategy and Action Plan | Ministry of Economic Development](#)

<sup>2</sup> [Hei Tauira - Ako Aotearoa](#)

## Section Four: Administrative information about Plans

More information about the topics below is available on TEC's [website](#).

### ***Who must submit a Plan?***

All ITOs must submit a proposed Plan in order to be considered for funding in 2014.

### ***Which funds are administered through Plans?***

Most TEC funds are administered through Plans. A small number are administered off-Plan and have separate application and monitoring requirements. The [Fund Finder](#) on TEC's website has details of each fund.

### ***How and when does TEC assess Plans for funding approval?***

The *Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice 2013* (see page 17) explains the criteria against which TEC will assess proposed Plans for funding approval.

The assessment process will run between July and September. Your investment manager will be in regular contact with you during this time.

### ***How are Plans made publicly available?***

We require every ITO whose Plan receives funding approval to publish a summary of that Plan online, in accordance with the requirements of the *Education (Matters That An Organisation That Has a Plan Must Include in a Plan Summary) Notice 2013* (available on TEC's [website](#)).

### ***How does TEC monitor and respond to ITO performance?***

We expect ITOs to manage and monitor their own performance and to advise TEC promptly of any deviation from the forecast performance set out in their Plan. In addition, TEC monitors financial, organisational and educational performance using the data it collects from ITOs.

Our [performance consequences framework](#) sets out the actions we may take in response to an ITO's performance, and will be a key tool TEC will use to manage quality over the coming Plan period. The framework sets out the wide range of levers TEC uses to manage poor performance and reward good performance, and explains how we make decisions about how and when to use these levers.

An important part of the framework is the [performance-linked funding](#) policy, which sees a proportion of Industry Training funding linked to the educational performance of ITOs. The [educational performance information](#) used in the calculation is also made publicly available on an annual basis. The introduction of performance-linked funding for ITOs was deferred until 2014. Further information about how performance-linked funding will operate in 2014 will be available later in the year.

### ***Timelines for developing a Plan***

The following timeline sets out the key milestones and target dates for the 2014-2015 Plan development process in 2013.

| <b>Activity</b>   | <b>Approximate timing</b> |
|---|---------------------------|
| Government announces Budget 2013  | 23 May 2013               |
| TEC releases its Supplementary Plan Guidance for ITOs                               | July 2013                 |
| Plan engagement: TEC discusses performance information and proposed Plans with ITOs | July to September         |
| ITOs submit their proposed Plans to TEC   |                           |
| TEC assesses proposed Plans   |                           |
| TEC Board makes final funding decisions   | November 2013             |
| ITOs are notified of final funding decisions  | November 2013             |
| First payments made against Plans; Plan delivery begins                             | January 2014              |

### ***Can Plans be changed once they have received funding approval?***

A Plan may require changes for a number of reasons during its period of funding approval. When considering any changes to Plans, ITOs should contact their investment manager.

Amendments that do not relate to funding may not require approval from TEC, but ITOs should still advise TEC of any proposed changes. Significant amendments, including any change that could affect eligibility for funding, do require TEC's approval. If the changes are substantial, an ITO can request TEC's permission to submit a replacement Plan.

TEC may also seek to initiate amendments to Plans over the Plan period. For example, we will actively monitor demand for priority trades related to the Canterbury rebuild, and seek to adjust delivery where demand varies from forecasts.



# Gazette notice: *Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice 2013*

11 June 2013

PURSUANT to sections 159P, 159R, 159U and 159Y of the Education Act 1989, the Tertiary Education Commission (TEC) gives the following notice:

## **Title**

This notice may be cited as the Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice 2013.<sup>1</sup>

## **Commencement**

This notice applies from the date of its publication.

## **Application**

This notice revokes and replaces the Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice.

## **Introduction**

The TEC may decide to fund the tertiary education programmes and activities described in a proposed Investment Plan (Plan) submitted by a tertiary education organisation (TEO) for a period of up to three years.

To be eligible to access TEC funding from 2013 onwards, all TEOs other than those exempted by this notice are required to submit a proposed Plan. Previous allocation of TEC or Government funding does not create an entitlement to future funding at any level from the TEC.

The length of the proposed Plan will depend on the size and complexity of the submitting TEO.

## **Plan Content**

The proposed Plan must concisely describe:

- the TEO's planning context, including its mission and role and the outcomes to which the TEO intends to contribute;
- the activities and services (including mix of provision) that the TEO will undertake to contribute to these outcomes; and
- how the TEO will measure its contribution to outcomes.

The proposed Plan must therefore include the following parts, each of which must clearly connect and align with the others:

### **(i) Plan Context**

The Plan Context must establish the framework for the proposed Plan by presenting the TEO's strategic direction: that is, its particular mission, role and functions, reflecting any changes in response to the Tertiary Education Strategy (TES) priorities and how it intends to give effect to those priorities in the short and medium term.

The Plan Context must give key information about the TEO and its operating environment, including a summary of the nature and scope of the TEO's functions and intended operations over the next three years. It must explain:

- how the TEO intends to respond to Government priorities in the Tertiary Education Strategy 2010–15;
- how the TEO intends to identify and respond to the needs of its community of learners and potential learners, industry and employers, and in particular:
  - how it will accelerate improvement of participation and achievement for Māori learners;
  - how it will accelerate improvement of participation and achievement for Pacific learners;
  - how it will accelerate improvement of participation, engagement and achievement of young learners aged under 25; and
  - how it will adapt its provision to support the needs of industry and employers;
- how the TEO has performed against the commitments it made in its last Plan (for TEOs that have previously received Plan funding);
- the findings of any quality assurance reviews; and
- any key changes the TEO is making that are likely to have a significant impact on its educational performance or other outcomes.

For tertiary education institutions (universities, institutes of technology and polytechnics, and wānanga) only, the Plan Context section should also briefly explain how the institution will manage its capital assets to support its mission and role over the period of the proposed Plan (including any new significant capital initiatives).

## **(ii) Summary of Activity**

The Plan must include a Summary of Activity that sets out information on planned delivery over the period of the proposed Plan. The proposed activity must align with and support the achievement of the strategic direction presented in the Plan Context.

The Summary of Activity must include information about:

- planned programmes and activities for which the TEO is seeking Student Achievement Component (SAC) or Industry Training Fund funding, including learner numbers by New Zealand Qualification Framework Level;
- other planned programmes and activities for which funding is sought from the TEC, including learner numbers;
- total TEC funding sought;
- planned learner numbers in more detail, if requested by the TEC, for non-SAC-funded programmes and activities; and
- a brief description of other programmes and activities not funded by the TEC, including significant activities undertaken through subsidiary bodies.

The TEC will provide guidance to TEOs about the format in which they must submit this information.

## **(iii) Performance Commitments**

This section sets out proposed performance commitments that the TEC will use to evaluate the TEO's performance. The TEC will provide all TEOs with information

about specific metrics they must use when making certain performance commitments, and in some cases will specify minimum commitments for TEOs.

In addition to the mandatory commitments set by the TEC, TEOs may propose additional commitments as they see fit in the following areas, aligned to their Plan Context and Summary of Activity:

- achievement against the Government priorities in the Tertiary Education Strategy 2010-2015;
- meeting the needs of learners, particularly:
  - Māori learners;
  - Pacific learners;
  - young people under 25 years; and
  - learners needing improved literacy, language and numeracy skills;
- meeting the needs of employers, businesses and industry;
- improving performance (including but not limited to educational performance) across TEC-funded programmes and activities;
- any key initiatives and/or changes related to the outcomes the TEO is seeking to contribute to through its proposed Plan, as outlined in the Plan Context.

### **Particular requirements for Plans of tertiary education institutions**

To enable tertiary education institutions to report on performance compared with proposed outcomes in their Statement of Service Performance (SSP), plans of TEIs should include a forecast SSP.<sup>2</sup>

The forecast SSP should be prepared in accordance with Generally Accepted Accounting Practice (GAAP).

The forecast SSP should reflect the full scope of the institution's activities, which will include but not be covered completely by the Performance Commitments.

The forecast SSP should focus on the outputs/services of the institution, and must include measures and visible information about the quality of these services.

The broader Plan should present a clear and structured narrative that describes how the outputs in the SSP contribute to the TEI's proposed outcomes.

The Outcomes Framework agreed with the TEC, or an institution's own outcomes framework, should facilitate this narrative. The TEC expects the narrative to rely on research, such as in the General Social Survey and the Employment Outcomes of Tertiary Education report, showing how outputs aggregated by subsector or qualification levels and areas contribute to high-level outcomes.

### **Other supplementary information for tertiary education institutions**

The TEC may ask tertiary education institutions to provide additional information about their financial outlook to accompany their proposed Plans.

This might include forecast financial statements, capital asset management information, and any other information and explanations needed to fairly reflect the forecast financial operations and financial position of the institution (e.g. information about subsidiaries for which the institution has residual liability).

The TEC may use this additional information when assessing the potential of the institution to meet its proposed performance commitments.

## Decision making criteria

These criteria allow the TEC to assess the alignment of an eligible TEO's proposed direction and activities to Government priorities and regional and national need, as well as its capability to deliver on its Plan. The purpose of this assessment is for the TEC to determine which (if any) of the tertiary education programmes and activities in the proposed Plan to fund, and the amount and the period of funding.

TEC will make a holistic judgement on these matters.

**For tertiary education institutions only**, the TEC will use the following criteria to assess proposed Plans:

- whether the institution's proposed mission and role, and the outcomes the institution intends to contribute to, show an awareness of the institution's place in the regional and national tertiary system;
- whether the institution has clearly and accurately identified its key stakeholders, which must include:
  - employers, businesses or industries relevant to the institution's areas of delivery; and
  - learners or prospective learners, in particular those who are Māori, or Pacific, or under the age of 25, or who have low levels of literacy, language, and numeracy;
- how the institution has ascertained the needs of its key stakeholders, including through consultation and the use of statistical information about regional or national demographics and labour market demand;
- how the institution has planned its proposed programmes and activities to respond to the needs of its stakeholders and the priorities of the Tertiary Education Strategy 2010-2015;
- whether the TEC considers that the institution is likely to be able to carry out the programmes and activities (including capital asset management), and contribute to the outcomes, outlined in the proposed Plan;
- whether the TEC considers that the institution's proposed programmes and activities (including capital asset plans) are desirable and appropriate in the context of regional and national need and the proposed programmes and activities of other TEOs;
- whether the institution's proposed performance measures are:
  - relevant, so that they give meaningful information about the institution's performance against its objectives;
  - complete, so that they cover all significant programmes and activities the institution intends to undertake, and all important dimensions of those activities;
  - clearly presented, so that their content and relevance is clear;
- whether the institution's proposed performance commitments are appropriate and achievable, and whether they represent a meaningful improvement on past performance against the objectives of the Tertiary Education Strategy 2010-2015, especially with respect to outcomes for priority learner groups;
- whether the institution has performed adequately against current or past Plans, including:
  - whether the institution's educational performance is satisfactory, and whether it meets the upper thresholds of the TEC's Performance Linked Funding

framework;

- whether the institution's financial performance is satisfactory, as determined by the TEC's Financial Monitoring Framework assessment;
- whether the institution has good management capability in forecasting, planning, and implementation, and can provide supplementary information such as capital asset management reporting;
- the extent to which the institution has complied with its obligations to report to TEC; and

- whether the institution meets the expectations expressed in this Notice regarding the inclusion of a forecast SSP in its Plan.

**For industry training organisation, private training establishments, community providers and schools only**, the TEC will use the following criteria to assess proposed Plans:

- whether the TEO's proposed mission and role, and its proposed outcomes, show an awareness of the TEO's place in the regional and national tertiary system;
- whether the TEO has clearly and accurately identified its key stakeholders, which must include:
  - employers, businesses or industries relevant to the TEO's areas of delivery; and
  - learners or prospective learners, in particular those who are Māori, or Pacific, or under the age of 25, or who have low levels of literacy, language, and numeracy;
- how the TEO has ascertained the needs of its key stakeholders, including through consultation and the use of statistical information about regional or national demographics and labour market demand;
- how the TEO has planned its proposed programmes and activities to respond to the needs of its stakeholders and the priorities of the Tertiary Education Strategy 2010-2015;
- whether the TEC considers that the TEO is likely to be able to carry out the programmes and activities, and achieve the outcomes, outlined in the proposed Plan;
- whether the TEC considers that the TEO's proposed programmes and activities are desirable and appropriate in the context of regional and national need and the proposed programmes and activities of other TEOs;
- whether the TEO's proposed performance measures (i.e. the metrics used) are:
  - relevant, so that they give meaningful information about the TEO's performance against its objectives;
  - complete, so that they cover all significant programmes and activities the TEO intends to undertake, and all important dimensions of those activities;
  - clearly presented, so that their content and relevance is clear;
- whether the TEO's proposed performance commitments (i.e. the targets set) are appropriate and achievable, and whether they represent a meaningful improvement on past performance against the objectives of the Tertiary Education Strategy 2010-2015, especially with respect to outcomes for priority learner groups; and
- whether the TEO has performed adequately against current or past Plans, including:

- whether the TEO's educational performance is satisfactory, and whether it meets the upper thresholds of the TEC's Performance Linked Funding framework;
- whether the TEO is financially viable and sustainable; and
- whether the TEO has good management capability in forecasting, planning, and implementation; and
- the extent to which the TEO has complied with its obligations to report to TEC.

When assessing Plans against the criteria, the TEC may use a range of evidence, including, without limitation, the information contained in a proposed Plan, TEC monitoring information (including funding, organisational and financial data), Quality Assurance Bodies' reports, Plan engagement (where applicable), and both national and regional demographic and economic data.

The TEC will also decide whether any conditions or limits on funding approval are required, having regard to appropriations and any relevant funding determinations issued by the Minister for Tertiary Education, Skills and Employment under the Education Act 1989.

### **Exemptions**

The following TEOs are exempted from the requirement to prepare and submit a proposed Plan for funding for 2013 onward:

- schools whose only funding from the TEC is for Gateway;
- TEOs with which the TEC is contracting only pilot initiatives and which receive no other funding from the TEC;
- employers receiving only Workplace Literacy funding from the TEC;
- government training establishments;
- TEOs that receive only the English for Migrants pre-purchased English tuition fees from the TEC; and
- Worldskills New Zealand.

TEOs that receive only Modern Apprenticeships Co-ordinator funding from the TEC are not required to submit a Plan, as this funding is not administered under a funding mechanism that provides for funding via Plans.

### **Timelines and Processes**

The TEC's Plan Guidance and other information to assist TEOs in developing their proposed Plans, including information about timelines and submission processes, will be published on the TEC's website.

Dated at Wellington this 11th day of June 2013  
Tim Fowler, Chief Executive, Tertiary Education Commission

1. New Zealand Gazette, 29 March 2012, No. 37, page 1109.
2. Sections 220(2A)(f) and 220(2B) of the Education Act 1989 and section 156 of the Crown Entities Act 2004 refer.