

**Tertiary Education  
Commission**  
Te Amorangi Mātauranga Matua



## 2021 Wash-Up

**Our approach to calculating the  
2021 wash-up**

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# Our approach to calculating the 2021 wash-up

## Funds

This document provides the 2021 methodology and technical specifications for the calculation of funding wash-ups for the funds listed below:

- › ACE in Communities
- › ACE in Schools
- › ACE in TEIs
- › ACE Emergency Management Pool
- › ACE – Search and Rescue
- › Intensive Literacy and Numeracy – ESOL
- › Intensive Literacy and Numeracy – Refugee English
- › Intensive Literacy and Numeracy
- › TEO-Led Workplace Literacy and Numeracy Fund
- › Adult Literacy Educators Fund
- › Gateway
- › MPTT Fees Top-Up
- › MPTT Brokerage Monthly
- › MPTT Consortium Activities
- › MPTT Consortium Learner Support
- › Secondary Tertiary Interface – Trades Academy
- › Medical Intern Grants
- › Student Achievement Component Levels 1 & 2
- › Student Achievement Component Level 3 and above, excluding Secondary Initial Teacher Education
- › SAC L3+ Secondary Initial Teacher Education
- › Industry Training Fund
- › Industry Training Fund (Direct Funding Scheme)

- › Fees Free Payments
- › Targeted Training and Apprenticeships Fund
- › Youth Guarantee and Youth Guarantee Premium Payment

## Process for calculation

1. We will:

Step 1: Calculate your **Final Amended Allocation**.

- Final allocation plus amendments and including any on hold payments.

Step 2: Calculate your **Total Delivery** in dollars.

- Actual Delivery less any condition offsets or adjustments. Includes any specific condition offsets, exemptions, or adjustments

Step 3: Calculate your **(Under)/Over Delivery**

- Total Delivery Dollars less Final Amended Allocation

Step 4: Calculate your Funding Recovery and/or Wash-up payments (Including Flexible Funding)

- **Where under-delivery has occurred**, we will recover the difference between your Final Amended Allocation and your most recent 2021 delivery data.
  - For Student Achievement Component Level 1 and 2, Student Achievement Component Level 3 and above (SAC L3+), and SAC L3+ Secondary Initial Teacher Education, recovery is calculated against 99% of the Final Amended Allocation (except for TEOs with zero delivery, where recovery is calculated against 100% of the Final Amended Allocation).
  - For all other funds, recovery is calculated against 100% of the Final Amended Allocation (see under-delivery threshold in Summary table below).
- **Where over-delivery has occurred**, where applicable, payments will be made up to the over-delivery threshold (see Summary table below).

## Timeline for finalising wash-ups

8. The majority of funding wash-ups will be calculated in March 2022, with recovery or payments occurring 1 April 2022.
9. Where delivery is reported in the Industry Training Register (ITR), wash-ups will be calculated in April 2022, with recovery or payments occurring 11 May 2022.

10. Organisations that receive both SAC L3+ and ITF funding will receive payment/set-off for Single Data Return (SDR) enrolments on 1 April 2022 and again on 11 May 2022 for ITF.
11. Some TEOs also report on TTAF through the ITR. They will receive payment/set-off on 11 May 2022 for TTAF.
12. All Fees Free delivery is reported through Workspace2, and the wash-ups will be calculated in March 2022, with recovery or payments occurring 1 April 2022. For Transitional ITOs, Fees Free delivery is reported monthly through Workspace2, and is paid retrospectively on actual delivery, so the wash-ups are unlikely to lead to any recoveries.
13. For Secondary Tertiary Interface – Trades Academies reported in the ITR, recovery or payments will occur on 11 May 2022.

## Changes for 2021

14. The Funding Guarantee that applied for 2020 funding, which waived the recovery of unused funding for many funds administered by the TEC, does not apply in 2021.
15. The TEC made a commitment in 2020 that there will be no consequences for non-achievement of Educational Performance Indicators (EPIs) in 2020. For the 2021 wash-up, this means that the course completion rate condition on Flexible Funding for SAC L3+ and Youth Guarantee is not applicable. However, for the Industry Training Fund, the Flexible Funding condition on the credit achievement rate, is not affected by this commitment as it is measured over the 2021 calendar year.
16. Where EPIs apply (for 2021, to the Industry Training Fund only), and where there have been mergers, the EPI for the merged entity is calculated by summing the contributions of the individual constituent organisations.
17. We will wash-up Te Pūkenga as a consolidated entity, including Trades Academy funding. For Flexible Funding calculations, the External Evaluation and Review (EER) does not apply to Te Pūkenga. Separately from Te Pūkenga, we will wash-up the Te Pūkenga subsidiary, “Work Based Learning Ltd” (WBL) as a consolidated entity. For Trades Academies that are administered by the subsidiaries of Te Pūkenga, each Trades Academy will be washed up individually.

## Summary

Fund		Delivery	Conditions	
#	Name	Over-delivery threshold Under-delivery threshold Delivery unit	<a href="#">Funding Mechanism or Delegation</a>	Funding conditions <a href="#">[Funding Conditions Catalogue 2021 reference]</a> <a href="#">{SDR Manual 2021}</a>
1	<a href="#">ACE in Communities</a>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> Expected Total Learner Hours	<i>Adult and Community Education</i> <i>Paras. 37, 38</i>	› Repayment of funding [Sect. 11, p. 19]
2	<a href="#">ACE in Schools</a>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> Expected Total Learner Hours	<i>Adult and Community Education</i> <i>Paras. 37, 38</i>	› Repayment of funding [Sect. 11, p. 27]
3	<a href="#">ACE in TEIs</a>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> EFTS	<i>Adult and Community Education</i> <i>Paras. 37, 38</i>	› Repayment of funding [Sect. 11, p. 19]
	<a href="#">ACE Emergency Management Pool</a>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> Actual Learner Hours	<i>Adult and Community Education</i> <i>Paras. 37, 38</i>	› Repayment of funding
5	<a href="#">ACE – Search and Rescue</a>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> Actual Learner Hours	<i>Adult and Community Education</i> <i>Paras. 37, 38</i>	› Repayment of funding
6	<a href="#">Intensive Literacy and Numeracy – English for Speakers of Other Languages</a>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> Hours Delivered	<i>Specialised English for Speakers of Other Languages</i> <i>Para. 40, 41 (pages 8, 9)</i>	› Repayment of funding [Sect. 11, p. 77]
7	<a href="#">Intensive Literacy and</a>	<b>Over:</b> N.A.	<i>Specialised English for Speakers of Other</i>	› Repayment of funding

	<b>Numeracy – Refugee English</b>	<b>Under:</b> 100% <b>Unit:</b> Learner places	<i>Languages</i> <i>Para. 40, 41 (pages 8, 9)</i>	[Sect. 10, p. 85]
8	<b>Intensive Literacy and Numeracy</b>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> Delivery hours	<i>Literacy and Numeracy Provision</i> <i>Para. 13, 14 (pages 3, 4)</i>	› Repayment of funding [Sect. 10, p. 68]
9	<b>TEO-Led Workplace Literacy and Numeracy Fund</b>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> Delivery hours	<i>Literacy and Numeracy Provision</i> <i>Para. 13, 14 (pages 3, 4)</i>	› Repayment of funding [Sect. 10, p. 157]
10	<b>ALE – Adult Literacy Educator Fund</b>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> Learner count	<i>Literacy and Numeracy Provision</i> <i>Para. 13, 14 (pages 3, 4)</i>	› Repayment of funding [Sect. 9, p. 33]
11	<b>Gateway</b>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> Distinct learner count	<i>Gateway</i> <i>Para. 25, 26 (page 5)</i>	› Repayment of funding [Sect. 6, p. 51]
12	<b>MPTT Fees Top-Up</b>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> EFTS (at provider-consortium level)	<i>Māori and Pasifika Trades Training</i> <i>Para. 52, 53 (page 11)</i>	› Repayment of funding › Early withdrawal of enrolments [Sections 11 & 12, pp. 92-93] {SDR Manual 2021, p. 106}
13	<b>MPTT Brokerage Monthly</b>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> Eligible learners	<i>Māori and Pasifika Trades Training</i> <i>Para. 52, 53 (page 11)</i>	› Repayment of funding › Early withdrawal of enrolments › Prior year enrolment [Sections 11 & 12, pp. 92-93] {SDR Manual 2021, p. 106}
14	<b>MPTT Consortium Activities</b>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> Expenditure (Dollars)	<i>Māori and Pasifika Trades Training</i> <i>Para. 52, 53 (page 11)</i>	› Repayment of funding [Sect. 11, p. 100]
15	<b>MPTT Consortium Learner Support</b>	<b>Over:</b> N.A.	<i>Māori and Pasifika Trades Training</i>	› Repayment of funding

		<b>Under:</b> 100% <b>Unit:</b> Expenditure (Dollars)	<i>Para. 52, 53 (page 11)</i>	[Sect. 11, p. 100]
16	<b>Secondary Tertiary Interface – Trades Academy</b>	<b>Over:</b> N.A. <b>Under:</b> 100% <b>Unit:</b> Learners (Pastoral Care & Coordination); Learners pro rata (General Teaching & Learning); Learners pro rata (Trades Top-Up)		<ul style="list-style-type: none"> <li>› Repayment of funding</li> <li>› Recovery for TEO-led Trades Academies only</li> <li>› Separation of components for recovery</li> <li>› No payment for over-delivery</li> <li>› Pastoral care and coordination</li> <li>› Multi-academy lead providers</li> </ul> <p>Note: This is based on the 2021 STP reporting data collected by the Ministry of Education.</p>
17	<b>Medical Intern Grants</b>	<b>Over:</b> No limit <b>Under:</b> 100% <b>Unit:</b> EFTS	<i>Medical Trainee Intern Grant</i>  <i>Para. 17, 18 (page 4)</i>	<ul style="list-style-type: none"> <li>› Repayment of funding</li> <li>› Full payment for over-delivery</li> </ul>
18	<b>Student Achievement Component Levels 1 &amp; 2</b>	<b>Over:</b> N.A. <b>Under:</b> 99% (100% for TEOs with zero delivery) <b>Unit:</b> EFTS	<i>Student Achievement Component – provision at levels 1 and 2 on the New Zealand Qualifications Framework</i>  <i>Para. 52-55 (pages 9, 10)</i>	<ul style="list-style-type: none"> <li>› Repayment of funding</li> <li>› Early withdrawal of enrolments</li> </ul> <p>[Sect. 11, p. 129] {SDR Manual 2021, p. 106}</p>
19	<b>Student Achievement Component – Provision at Level 3 and above (excluding Secondary ITE)</b>	<b>Over:</b> 102%, 103% (for organisations that have been advised by TEC that they qualify for 103%), or 100% + 10 EFTS, whichever is greater <b>Under:</b> 99% (100% for TEOs with zero delivery) <b>Unit:</b> EFTS	<i>Student Achievement Component – provision at level 3 and above on the New Zealand Qualifications Framework</i>  <i>Para. 70-73 (page 13)</i>	<ul style="list-style-type: none"> <li>› Repayment of funding</li> <li>› Early withdrawal of enrolments</li> <li>› Flexible Funding</li> </ul> <p>Specific additional funding conditions apply to some providers</p> <p>[Sect. 16, p. 149] [Flexible funding, p. 132] {SDR Manual 2021, p. 106}</p>
20	<b>SAC L3+ Secondary Initial Teacher Education (Secondary ITE)</b>	<b>Over:</b> No limit <b>Under:</b> 99% (100% for TEOs with zero delivery) <b>Unit:</b> EFTS	<i>Student Achievement Component – provision at level 3 and above on the New Zealand Qualifications Framework</i>  <i>Para. 70-73 (page 13)</i>	<ul style="list-style-type: none"> <li>› Repayment of funding</li> <li>› Early withdrawal of enrolments</li> <li>› Full payment for over-delivery</li> </ul> <p>[Sect. 16, p. 149]</p>



21	<b>Industry Training Fund</b>	<p><b>Over:</b> 102% or 100% + 10 STMs for NZ Apprenticeships, whichever is greater</p> <p><b>Under:</b> 100%</p> <p><b>Unit:</b> STM</p>	<p><i>Industry Training Fund</i></p> <p><i>Flexible funding: Para. 13-16 (pages 3, 4)</i></p> <p><i>Recovery of over-funding: Para. 66, 67 (page 12)</i></p>	<ul style="list-style-type: none"> <li>› Repayment of funding</li> <li>› Actual average duration offset</li> <li>› Monthly over-enrolment offset</li> <li>› Annual over-enrolment offset</li> <li>› Under-achievement offset</li> <li>› Flexible Funding (NZ Apprenticeships funding only)</li> </ul> <p>Some providers are exempted from over-duration, over-enrolment and under-achievement offsets</p> <p>[Sect. 15, p. 61]</p> <p>[Flexible funding, pp. 54, 55]</p>
22	<b>Industry Training Fund (Direct Funding Scheme)</b>	<p><b>Over:</b> N.A.</p> <p><b>Under:</b> 100%</p> <p><b>Unit:</b> STM</p>	<p><i>Industry Training Fund</i></p> <p><i>Recovery of over-funding: Para. 66, 67 (page 12)</i></p>	<ul style="list-style-type: none"> <li>› Repayment of funding</li> <li>› Actual average duration offset</li> <li>› Monthly over-enrolment offset</li> <li>› Annual over-enrolment offset</li> <li>› Under-achievement offset</li> </ul> <p>[Sect. 15, p. 61]</p>
23	<b>Fees Free Payments</b>	<p><b>Over:</b> No limit</p> <p><b>Under:</b> 100%</p> <p><b>Unit:</b> Learner</p>	<p><i>TTAF and Fees Free</i></p> <p><i>Recovery of over-funding: Para. 91-93 (page 15)</i></p>	<ul style="list-style-type: none"> <li>› Repayment of funding</li> <li>› Validated data</li> <li>› Full payment for over-delivery</li> </ul>
24	<b>TTAF (SAC L3+ funded)</b> (excludes TEOs delivering ITF)	<p><b>Over:</b> No limit</p> <p><b>Under:</b> 100%</p> <p><b>Unit:</b> Learner</p>	<p><i>TTAF and Fees Free</i></p> <p><i>Recovery of over-funding: Para. 91-93 (page 15)</i></p>	<ul style="list-style-type: none"> <li>› Repayment of funding</li> <li>› Validated data</li> <li>› Full payment for over-delivery</li> </ul>
25	<b>TTAF (ITF-funded)</b> (includes TEOs delivering ITF)	<p><b>Over:</b> No limit</p> <p><b>Under:</b> 100%</p> <p><b>Unit:</b> Learner</p>	<p><i>TTAF and Fees Free</i></p> <p><i>Recovery of over-funding: Para. 91-93 (page 15)</i></p>	<ul style="list-style-type: none"> <li>› Repayment of funding</li> <li>› Validated data</li> <li>› Full payment for over-delivery</li> </ul>
26	<b>Youth Guarantee (YG) &amp; YG Premium Payment</b>	<p><b>Over:</b> 102% or 100% + 10 EFTS, whichever is greater</p> <p><b>Under:</b> 100%</p> <p><b>Unit:</b> EFTS</p>	<p><i>Youth Guarantee</i></p> <p><i>Para. 47-49 (page 9)</i></p>	<ul style="list-style-type: none"> <li>› Repayment of funding</li> <li>› Early withdrawal of enrolments</li> <li>› Flexible Funding</li> </ul> <p>[Sect. 13, p. 174], [Flexible funding, p. 164]</p> <p>{SDR Manual 2021, p. 106}</p>

## Funding conditions

1. ACE in Communities
2. ACE in Schools
3. ACE in TEIs
4. ACE Emergency Management Pool
5. ACE – Search and Rescue
6. Intensive Literacy and Numeracy – English for Speakers of Other Languages
7. Intensive Literacy and Numeracy – Refugee English
8. Intensive Literacy and Numeracy
9. TEO-Led Workplace Literacy and Numeracy Fund
10. ALE – Adult Literacy Educator Fund
11. Gateway

**Repayment of Funding:** If you receive funding that is greater than it should have been, or that you were not entitled to receive, you must treat the amount of the over-funding as a debt due to the Crown that: (i) is repayable on demand; and (ii) may be set-off against all or any funding, or any sum of money payable by us to you.

For ILN – Refugee English, recovery is based on the number of learner places not filled; both learner fees and pastoral care associated with these places will be recovered.

### 12. MPTT Fees Top-Up

**Repayment of Funding:**

- (a) If you receive MPTT Fees Top-up Fund Funding that is greater than it should have been, or that you were not entitled to receive, you must treat the amount of the over-funding as a debt due to the Crown that: (i) is repayable on demand; and (ii) may be set-off against all or any funding, or any sum of money payable by us to you.

We will recover funding at the provider-consortia level, based on individual contracts.

**Early withdrawal of enrolments:** We will reduce the dollar value of actual delivery by subtracting enrolments for which students have not completed 10% or one month of the course, whichever is the earlier.

Recovery of MPTT Fees Top-Up is independent of recovery from MPTT Brokerage Monthly.

### 13. MPTT Brokerage Monthly

#### **Repayment of Funding:**

- (a) If you receive MPTT Brokerage Services Fund Funding that is greater than it should have been, or that you were not entitled to receive, you must treat the amount of the over-funding as a debt due to the Crown that: (i) is repayable on demand; and (ii) may be set-off against all or any funding, or any sum of money payable by us to you.

We will recover funding at the provider-consortia level, based on individual contracts.

**Early withdrawal of enrolments:** We will reduce the dollar value of actual delivery by subtracting enrolments for which students have not completed 10% or one month of the course, whichever is the earlier.

**Prior year enrolment (MPTT Brokerage Monthly only):** We will exclude learners who have been enrolled in MPTT in a prior year, whether or not they have received MPTT Brokerage funding.

Recovery of MPTT Brokerage Monthly is independent of recovery from MPTT Fees Top-Up.

### 14. MPTT Consortium Activities

#### **Repayment of Funding:**

- (a) If you receive MPTT Consortium Activities Fund Funding that is greater than it should have been, or that you were not entitled to receive, you must treat the amount of the over-funding as a debt due to the Crown that: (i) is repayable on demand; and (ii) may be set-off against all or any funding, or any sum of money payable by us to you.

- (b) For the purposes of this Condition, any MPTT Consortium Activities Fund Funding that remains unspent at 31 December 2021 will be counted as an amount of funding that is greater than it should have been.

We will recover funding at the provider-consortia level, based on individual contracts.

Recovery of MPTT Consortium Activities is independent of recovery from MPTT Consortium Learner Support.

### 15. MPTT Consortium Learner Support

**Repayment of Funding:**

(a) If you receive MPTT Consortium Learner Support Fund Funding that is greater than it should have been, or that you were not entitled to receive, you must treat the amount of the over-funding as a debt due to the Crown that: (i) is repayable on demand; and (ii) may be set-off against all or any funding, or any sum of money payable by us to you.

(b) For the purposes of this Condition, any MPTT Consortium Learner Support Fund Funding that remains unspent at 31 December 2021 will be counted as an amount of funding that is greater than it should have been.

We will recover funding at the provider-consortia level, based on individual contracts.

Recovery of MPTT Consortium Learner Support is independent of recovery from MPTT Consortium Activities.

**16. Secondary Tertiary Interface – Trades Academy**

**Repayment of Funding:** In the event that the Institute fails to deliver to the specified volume of students set out in Schedule D [of the individual contract], the Commission has the right to recover funding. Recovery of 2021 funding will be on the basis of the difference between the maximum number of students approved to be on the programme in Schedule D and the maximum number of students on the programme reported through the MoE data.

**Recovery for TEO-led Trades Academies only:** A Trades Academy can be led by a school or by a TEO. For a TEO-led Trades Academy, if you deliver less than 100% of your allocated Secondary Tertiary Interface (STI) funding against any STI component, we will recover the difference between 100% of allocated funding for the component and the dollar value of actual delivery for that component.

**Separation of components for recovery:** All three components (“pastoral care and coordination”, “general teaching and learning”, and “trades top-up”) will be treated *separately*, and over-delivery in one component will not compensate for under-delivery elsewhere.

**No payment for over-delivery:** There will be no payment for over-delivery.

**Pastoral care and coordination:** This is paid to the TEO-led Trades Academy once per learner and where delivery has occurred to that learner.

**Multi-academy lead providers:** We will recover STI funding separately for each TEO-led Trades Academy. We use the Secondary-Tertiary Programme (STP) name in the Ministry of Education’s data as the identity code to separate recoveries for providers who are lead providers for more than one Trades Academy.

**17. Medical Intern Grants**

**Repayment of Funding:** If you receive funding that is greater than it should have been, or that you were not entitled to receive, you must treat the amount of

the over-funding as a debt due to the Crown that: (i) is repayable on demand; and (ii) may be set-off against all or any funding, or any sum of money payable by us to you.

**Full payment for over-delivery:** We will pay for all over-delivery, without limit.

#### 18. Student Achievement Component Levels 1 & 2

**Repayment of Funding:** If you receive funding that is greater than it should have been, or that you were not entitled to receive, you must treat the amount of the over-funding as a debt due to the Crown that: (i) is repayable on demand; and (ii) may be set-off against all or any funding, or any sum of money payable by us to you.

**Early withdrawal of enrolments:** We will reduce the dollar value of actual delivery by subtracting enrolments for which students have not completed 10% or one month of the course, whichever is the earlier.

#### 19. Student Achievement Component – Provision at Level 3 and above

**Repayment of Funding:** If you receive funding that is greater than it should have been, or that you were not entitled to receive, you must treat the amount of the over-funding as a debt due to the Crown that: (i) is repayable on demand; and (ii) may be set-off against all or any funding, or any sum of money payable by us to you.

**Early withdrawal of enrolments:** We will reduce the dollar value of actual delivery by subtracting enrolments for which students have not completed 10% or one month of the course for which they have enrolled, whichever is the earlier.

##### **Flexible Funding:**

- (a) We will allocate you additional Student Achievement Component – Provision at Level 3 and above Fund Funding to that specified in your Funding Confirmation Letter if:
- (i) you are a “qualifying TEO”, which means you:
    - A. have a New Zealand Qualifications Authority (NZQA) External Evaluation and Review (EER) status of Category 1 or 2, as determined by the most recently published full EER report (except for universities and Te Pūkenga, which are exempt); and
    - B. are approved by us to deliver a minimum of 20 equivalent full-time students (EFTS) in 2021; and
    - C. have an average 2020 course completion rate of 70% or higher for SAC Level 3+\* [note that this condition will not be applied in 2021, honouring a commitment from the TEC, on 31 March 2020, that there will be “no consequences for non-achievement of EPIs in 2020”]; and
  - (ii) one of the following applies:

- A. you are a tertiary education institution (TEI) or Rural Education Activities Programme (REAP) provider and the value of provision you actually deliver (as determined by us), as measured in dollars, is greater than the value of your approved funding allocation; or
  - B. you are a private training establishment (PTE) and the value of provision you actually deliver (as determined by us), as measured in dollars, that is approved by us (being the value of provision measured in dollars for which we allocate funding and the value of provision measured in dollars for which we don't allocate funding) is exceeded.
- (b) The additional funding available to be allocated is up to the following limits, either:
- (i) 2% of your approved funding allocation; or 3% of your approved funding allocation for higher performing organisations that have been advised that they are eligible for this by TEC; or
  - (ii) 10 EFTS, (we will calculate 10 EFTS of delivery using the average EFTS rate of your total actual delivery as determined by us),
- whichever is the greater.

\* For 2021, the course completion data is that which is published on the web and is available through Ngā Kete, with a publication date of 9 July 2021.

**N.B.** The 3% entitlement is a one-off for 2021 and not guaranteed in out years.

***Exclusions from flexible funding:***

**Secondary Initial Teacher Education (Secondary ITE):** This is considered separately as the wash-up methodology is different from the rest of SAC L3+.

**Providers that only deliver provision in aviation:** Providers that only deliver provision in aviation (qualifications that include an in-flight training component) are not eligible for flexible funding. Furthermore, SAC L3+ funding may not be used to deliver more than the EFTS agreed for aviation provision in the 2021 Mix of Provision. If more EFTS are delivered with SAC L3+ funding, the amount of over-funding will be treated as a debt to the Crown (calculated at the average funding rate for the relevant qualifications).

***Additional provider conditions:***

Some providers have additional, specific conditions on their funding.

**20. SAC L3+ Secondary Initial Teacher Education**

***Repayment of Funding:*** If you receive funding that is greater than it should have been, or that you were not entitled to receive, you must treat the amount of the over-funding as a debt due to the Crown that: (i) is repayable on demand; and (ii) may be set-off against all or any funding, or any sum of money payable by us to you.

**Early withdrawal of enrolments:** We will reduce the dollar value of actual delivery by subtracting enrolments for which students have not completed 10% or one month of the course for which they have enrolled, whichever is the earlier.

**Full payment for over-delivery:** We will pay for all over-delivery above 100% for funded providers.

**Definition of Secondary Initial Teacher Education (ITE)**

"Initial teacher education" means:

- (i) if you are a tertiary education institution (TEI), provision that has a course classification of #20, and a funding category of I (as set out in Appendix 1 of the Student Achievement Component at Level 3 and above (SAC Level 3+) funding mechanism); or
- (ii) if you are a private training establishment (PTE), an agreed list of qualifications leading to registration as a secondary teacher.

**21. Industry Training Fund**

**Repayment of Funding:** If you receive funding that is greater than it should have been, or that you were not entitled to receive, you must treat the amount of the over-funding as a debt due to the Crown that: (i) is repayable on demand; and (ii) may be set-off against all or any funding, or any sum of money payable by us to you.

**Actual average duration offset:** If the actual average duration of a programme of training exceeds the nominal duration of a programme, the actual delivery will be reduced to the extent of the average duration, measured in Standard Training Measures (STMs).

**Monthly over-enrolment offset:** If an individual industry trainee or apprentice has been enrolled in more than 10 nominal credits in any calendar month, the actual delivery will be reduced to the extent of the monthly over-enrolment, measured in STMs.

**Annual over-enrolment offset:** If an individual industry trainee or apprentice has been enrolled in more than 75 nominal credits over the calendar year, the actual delivery will be reduced to the extent of the annual over-enrolment, measured in STMs.

**Under-achievement offset:** If less than 80% of the industry trainees and apprentices achieve the minimum of 10 credits where their enrolments were eligible for funding for four months or more in the calendar year, we will deduct funding for each percentage point below 80% up to a maximum of 5.0% of the net funding.

Some providers are exempted from some of these offsets.

Transitional ITOs that don't already have an exemption from the under-achievement offset may receive an exemption if they can show that students' non-completion is due to COVID.

**Flexible Funding:**

- (a) We will allocate you Industry Training Fund Funding, for New Zealand Apprenticeships only, that is additional to the allocations specified in your

**Funding Confirmation Letter if:**

- (i) you are a “qualifying TEO”, which means you:
  - A. have a New Zealand Qualifications Authority (NZQA) External Evaluation and Review (EER) status of Category 1 or 2, as determined by the most recently published full EER report (except for Te Pūkenga, which is exempt); and
  - B. have a credit achievement rate of 70% or higher for New Zealand Apprenticeships in the calendar year\*; and
- (ii) the value of provision you actually deliver, after offsets and any transfer of over-delivery of apprenticeship funding to under-delivered industry trainee funding, as measured in dollars (as determined by us) is greater than the value of your approved funding allocation.
- (b) The additional funding available to be allocated is up to the following limits, either:
  - (i) 2% of your approved funding allocation for New Zealand Apprenticeships for a year; or
  - (ii) 10 standard training measures (STMs) for New Zealand Apprenticeships,
 whichever is the greater.

\* The final cut-off date for calculating Educational Performance Indicators is 1 April 2022.

**Calculation steps:**

The extent to which you have received funding from the Industry Training Fund that was greater than it should have been is calculated by applying conditions (i) to (iv), **in order**, with conditions (ii)-(iv) reducing the value of the delivery.

- (i) If you do not arrange delivery of training during the Funding Period up to the dollar value for which you have been funded, we will recover **separately** the over-funding for industry trainees, and the over-funding for apprentices.
- (ii) The over-duration offset.
- (iii) The monthly over-enrolment offset and the annual over-enrolment offset.
- (iv) The under-achievement offset.

**22. Industry Training Fund (Direct Funding Scheme)**

**Conditions as for Industry Training Fund (see above)**



**Flexible Funding:**

For the 2021 provider, no additional funding is payable, flexible or otherwise, because the provider is not a “qualifying TEO”.

**Calculation steps as for Industry Training Fund** (see above)

**23. Fees Free Payments**

**Repayment of funding:** For Fees Free, validation and allocation rules are applied to the funding conditions. If you deliver less than 100% of your allocated Fees Free Payments funding, we will recover the difference between the allocation and the value of actual delivery, after TEC validation and allocation rules have been applied.

If the “Fees-free All Enrolments and Costs” report (FF06) is not submitted, then this will be deemed to be zero delivery, and TEC will recover the full funding for the year.

**Full payment for over-delivery:** If a TEO’s Fees Free delivery reported in the “Fees Free Multiple Providers and Cap Limit Report” (FF07) is more than 100% of the TEO’s allocation after TEC validation and allocation rules have been applied, we will pay the difference.

**Validation and allocation rules:**

Validations and allocation rules for SAC-funded TEOs are processed as follows.

- › TEOs submit FF06 report.
- › Validation of the FF06 report against validation checks.
- › Validation report (FF42) submitted to TEOs detailing the validations against the FF06.
- › Reconciliation against the December 2021 SDR for valid enrolments.
- › Allocation report submitted to TEOs, the FF07 report, detailing by NSN the reported Fees, Allocated fees and messaging for any variance.

No offsets or conditions are imposed, other than the validation and allocation rules.

**24. Targeted Training and Apprenticeship Fund (TTAF) – SAC L3+ funded****Repayment of funding:**

If you deliver less than 100% of your allocated TTAF funding, we will recover the difference between the allocation and the value of actual delivery, after TEC validation and calculation rules have been applied.

**Full payment for over-delivery:** We will pay for all over-delivery, without limit.

Note that where a PTE is funded for TTAF for both SAC L3+ delivery and ITF funded delivery, TTAF wash-ups will be determined after the submission of the March ITR.

**Calculation steps:**

Excluding the ITO sector, and including all payments “on hold”,

- (i) Determine the final actual tuition and compulsory course costs fees payable by multiplying the number of eligible learners reported in the SDR by the fees contained in Services for Tertiary Education Organisations (STEO) (with the proviso that where we are aware that the fees that were being charged prior to the introduction of TTAF were less than the amount in STEO, we will use the amount being charged prior to the introduction of TTAF).
- (ii) Add any Compulsory Student Services Fees (CSSF) for TTAF eligible learners reported in the TTAF CSSF actuals reporting template via Workspace2.
- (iii) Where the value is greater than TTAF funding, a payment will result. Where the value is less, a recovery will result.

**25. Targeted Training and Apprenticeship Fund (TTAF) – ITF-funded**

**Repayment of funding:**

If you deliver less than 100% of your allocated TTAF funding, we will recover the difference between the allocation and the value of actual delivery, after TEC validation and calculation rules have been applied.

**Full payment for over-delivery:** We will pay for all over-delivery, without limit.

Note that where a PTE is funded for TTAF for both SAC L3+ delivery and ITF funded delivery, TTAF wash-ups will be determined after the submission of the March ITR.

**Calculation steps:**

For Transitional ITOs, Te Pūkenga, and a small number of PTEs that receive TTAF and ITF funding, and including all payments “on hold”,

- (i) For Transitional ITOs on the “Agreed Fees” approach, we will determine the actual 2021 delivery by multiplying the number of learners reported as either “Active” or “Grace” in eligible qualifications on the last day of each month from 1 January 2021 by the applicable monthly fee recorded in the Fee Schedule. TTAF fees are also paid in the month of withdrawal or completion where the prior month status was either “Active” or “Grace”.
- (ii) For Transitional ITOs on the “Actual Reporting” approach, we will determine the actual 2021 delivery on the TTAF fees reported in the December 2021 TTAF report. Enrolments reported in this report will be validated against learners reported as either “Active” or “Grace” in eligible qualifications on the last day of any month from 1 January 2021. Fees reported will be validated against the fee types and amounts recorded in the Schedule of Fees

Data validations are completed for both Agreed Fee providers and for TTAF returns submitted by TEOs.

**Full payment for over-delivery:** We will pay for all over-delivery, without limit.

Where the value is greater than TTAF funding, a payment will result. Where the value is less, a recovery will result.

Note that where a provider is funded for TTAF for both SAC L3+ delivery and ITF funded delivery, TTAF wash-ups will be determined after the submission of the March ITR.

## 26. Youth Guarantee (YG) and YG Premium Payment

**Repayment of funding:** If you receive funding that is greater than it should have been, or that you were not entitled to receive, you must treat the amount of the over-funding as a debt due to the Crown that: (i) is repayable on demand; and (ii) may be set-off against all or any funding, or any sum of money payable by us to you.

**Early withdrawal of enrolments:** We will reduce the dollar value of actual delivery by subtracting enrolments for which students have not completed 10% or one month of the course, whichever is the earlier.

### **Flexible Funding:**

(a) We will allocate you additional Youth Guarantee Fund Funding to that specified in your Funding Confirmation Letter if:

you are a “qualifying TEO”, which means you:

- A. have a New Zealand Qualifications Authority (NZQA) External Evaluation and Review (EER) status of Category 1 or 2, as determined by the most recently published full EER report (except for Te Pūkenga, which is exempt); and
- B. are approved by us to receive a minimum of \$223,400 from the YG Fund; and
- C. have an average 2020 course completion rate of 55% or higher\* [note that this condition will not be applied in 2021, honouring a commitment from the TEC, on 31 March 2020, that there will be “no consequences for non-achievement of EPIs in 2020”]; and

the value of provision you actually deliver as measured in dollars (as determined by us), is greater than the value of your approved funding allocation.

(b) The additional funding available to be allocated is up to the following limits, either:

2% of your approved funding allocation; or

10 EFTS (we will calculate 10 EFTS of delivery using the average EFTS rate of your total actual delivery, as determined by us),

whichever is the greater.

\* For 2021, the course completion data is that which is published on the web and is available through Ngā Kete, with a publication date of 9 July 2021.

**Calculation steps:**

- (i) Calculate under- or over-delivery from YG funding.
- (ii) Calculate under- or over-delivery from Premium Allocations funding, relating to the 20% funding premium for level 1-3 courses that lead towards a level 1 or 2 qualification.
- (iii) Combine the YG and Premium Payment under-delivery/over-delivery.
- (iv) Calculate Flexible Funding, if applicable.
- (v) Calculate overall wash-up.