

Hon Chris Hipkins

MP for Remutaka

Minister for COVID-19 Response

Minister of Education

Minister for the Public Service

Leader of the House



1 October 2021

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 2022.

The new determination includes the following changes:

- increasing Equity Funding rates for vocational education and training (VET) to match the Equity Funding rate for higher education;
- extending the eligibility of Equity Funding to all eligible VET learners (including eligible learners in transitional industry training organisations); and
- extending Equity Funding to support VET learners under 25 years old without a qualification at Level 3 or above on the New Zealand Qualification Framework.

These changes signal the increased focus Government funding will have on supporting learners as the Reform of Vocational Education changes embed.

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 of, qualifications on the New Zealand Qualifications Framework (NZQF).
- 3) The purpose of equity funding for young learners with low prior attainment is to improve achievement of qualifications between Level 3 and Level 7 (excluding degree study) on the NZQF and all industry training.
- 4) The purpose of equity funding for disabled learners is to improve participation in tertiary education and achievement of all qualifications.

On-plan funding

- 5) 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

- 6) This funding mechanism applies to equity funding from 1 January 2022.
- 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 total amount of Government funding that can be paid under this funding mechanism will be set through the Government's annual budget processes.

TEO eligibility

Māori and Pacific learners and young learners with low prior attainment

- 9) The TEC may only provide equity funding in respect of Māori and Pacific learners and young learners with low prior attainment to a tertiary education organisation¹ (TEO) that receives funding under the *Determination of Design of Funding*

¹ As defined in section 10(1) of the Act.

Mechanism: SAC - provision at level 3 or above on the NZQF and/or the Determination of Design of Funding Mechanism: Industry Training Fund.

Disabled learners

- 10) The TEC may only provide equity funding in respect of disabled learners to:
- a tertiary education institution² (TEI) that receives SAC funding under any *Determination of Design of Funding Mechanism* for SAC.
 - A TEO that receives funding under the *Determination of Design of Funding Mechanism: Industry Training Fund*.
 - a private training establishment³ (PTE) that receives SAC funding under the *Determination of Design of Funding Mechanism: SAC - provision at level 3 or above on the NZQF* for learners enrolled at levels 3 – 7 on the NZQF (excluding degree study).

Funding formula and rates

Māori and Pacific learners

- 11) The TEC must allocate equity funding related to Māori and Pacific learners who are valid domestic enrolments⁴ or who meet the eligibility criteria as an industry trainee or New Zealand apprentice⁵ according to the number of Māori and Pacific equivalent full-time students (EFTS) or standard training measures (STM) at each eligible TEO.
- 12) The equity funding rates per NZQF level in respect of eligible Māori and Pacific learners are set out below. All amounts are GST exclusive.

NZQF Level	Rate per EFTS	Rate per STM
Levels 1-2	\$0	\$329.00
Levels 3-7	\$329.00	\$329.00
Level 8 and above	\$457.00	\$0

Young learners with low prior attainment

- 13) A 'young learner with low prior attainment' is defined as a learner under the age of 25 as at the date of enrolment who has not previously achieved a qualification on the NZQF at level 3 or above.
- 14) Only young learners with low prior attainment enrolled in SAC provision at levels 3 – 7 (excluding degree study) on the NZQF, and young learners with low prior attainment enrolled at all levels of Industry Training are eligible for funding.
- 15) The TEC must allocate funding in respect of young learners with low prior attainment, who are valid domestic enrolments or who meet the eligibility criteria

² "Tertiary education institution" means "institution" as defined in section 10(1) of the Act.

³ As defined in section 10(1) of the Act.

⁴ As defined in any *Determination of Design of Funding Mechanism* for SAC.

⁵ As defined in the *Determination of Design of Funding Mechanism: Industry Training Fund*.

as an industry trainee or New Zealand Apprentice at a set rate of \$329 per EFTS or STM at each eligible TEO.

Disabled learners

- 16) The TEC must allocate equity funding in respect of disabled learners who are valid domestic enrolments or who meet the eligibility criteria as an industry trainee or New Zealand Apprentice at a set rate of \$29.41 (GST exclusive) per eligible SAC-funded EFTS and STM at each eligible TEO.

Performance measurement

- 17) The TEC must set:
- a. performance expectation measures for TEOs in relation to participation and achievement for Māori and Pacific learners
 - b. reporting requirements for TEOs in relation to equity funding in respect of disabled learners.
 - c. expectations for TEOs with learners with low prior attainment

PART TWO: FUNDING CONDITIONS

Conditions that the TEC must attach to funding

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

Performance expectations and reporting

- 19) The TEC must determine any necessary funding conditions related to performance and reporting requirements for TEOs that receive funding under this funding mechanism.

Responsible use of funding

- 20) 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

- 21) 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.
- 22) 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

- 23) 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

- 24) 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.