



## Office of Hon Paul Goldsmith

Minister for Tertiary Education, Skills and Employment  
Minister of Science and Innovation  
Minister for Regulatory Reform

6 MAR 2017

John Spencer  
Chair  
Tertiary Education Commission  
PO Box 27-048  
Wellington 6141

Dear John

### **Determination of Design of Funding Mechanism: Entrepreneurial Universities**

I am writing to advise you of a determination of the design of a new funding mechanism, under section 159L of the Education Act 1989 (the Act), for the Entrepreneurial Universities initiative. The determination is attached to this letter.

Under section 159O of the Act, it is the Commission's responsibility to develop the operational policy and practices needed to implement my determination of the design of the funding mechanism. I expect the Commission to allocate the fund in the manner set out in the Request for Funding Applications.

I expect that the Commission will set appropriate measures as part of its Statement of Service Performance in order to report to me on its performance in giving effect to this determination.

Yours sincerely

Hon Paul Goldsmith  
Minister for Tertiary Education, Skills and Employment

# **DETERMINATION OF DESIGN OF FUNDING MECHANISM: ENTREPRENEURIAL UNIVERSITIES**

## **PRELIMINARY PROVISIONS**

### ***Statutory authority***

1. This determination, which is made under section 159L of the Education Act 1989 (the Act), specifies the design of the funding mechanism for Entrepreneurial Universities (the funding mechanism).

### ***Purpose***

2. The purpose of this fund is to support universities to stimulate increased innovation and entrepreneurship in the university sub-sector through the recruitment of high calibre academics with entrepreneurial and commercial skills and knowledge.

### ***Off plan funding***

3. The Tertiary Education Commission (TEC) must pay funding allocated under the funding mechanism under section 159ZC of the Act (funding other than via a plan).

## **PART ONE: THE FUNDING MECHANISM**

### **General parameters**

#### ***Effective period dates***

4. This funding mechanism is to fund activities delivered from 1 April 2017.

#### ***Available funding***

5. The total amount of Government funding that may be allocated under the funding mechanism will be set through the Government's annual Budget processes.
6. Funding of up to \$1.5 million per annum will be available for each successful proposal, for a specified duration as agreed for that proposal.

#### ***TEC administrative responsibilities in the case of under-funding***

7. If a university 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.

#### ***Eligibility***

8. The TEC must select proposals to receive funding through a competitive process determined by the TEC.
9. The TEC must select proposals from universities that support New Zealand universities to recruit world leading entrepreneurial researchers who will create new knowledge and innovation in areas of technology intensive research to contribute to New Zealand's economy.

10. To be eligible a proposal must:

- a) be submitted by a New Zealand university. The TEC must only fund a tertiary education institution (TEI) that is a university as defined under section 162 of the Act
- b) confirm the university's commitment that it will at least match the amount of government funding applied for in the proposal
- c) demonstrate a commitment to search internationally for the recruitment of an overseas academic and their team(s).

### ***Assessment of proposals***

11. Proposals will be evaluated by an Expert Panel (the Panel) which will make recommendations to the TEC.

12. The TEC will assess all recommendations from the Panel and determine whether an application is to receive funding.

13. The TEC will make its assessment using the evidence provided by the applicant and any other TEC-held performance information deemed relevant to the proposal.

14. The TEC will confirm approval of funding for successful proposals to applicants in writing.

## **PART TWO: FUNDING CONDITIONS**

### **General conditions**

15. The TEC, in funding an eligible university under this funding mechanism under section 159ZC 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 provided.

### **Conditions that the TEC must attach to the funding**

#### ***Universities***

16. The TEC must attach the following conditions to funding under section 159ZD of the Act:

- a) universities must ensure that the use of all funding is relevant to the research activities of the entrepreneurial academic and research programmes on which the successful proposal was based
- b) universities must contribute at least an equal amount to the agreed government funding contribution for the successful proposal
- c) the TEC must attach to funding a condition that the government contribution under this funding mechanism must be used to fund operational research costs and not to duplicate other government funding provided to the university. It must be used for costs directly associated with the approved research programme(s), excluding capital expenditure and overhead costs.

### ***University responsibilities***

17. The TEC must attach to funding a condition that a university that is allocated funding under this funding mechanism must meet minimum performance standards specified by the TEC and that it must participate in any evaluation of the initiative.

### ***Responsible use of funding***

18. The TEC must attach to funding a condition that a university that receives any 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***

19. The TEC must attach to funding a condition that if a university receives any funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the university 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 university.

20. The TEC must provide the university 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 section 159ZF of the Act, the TEC suspends or revokes some or all of a university'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 university 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 university.