



Office of Hon Steven Joyce

Minister for Economic Development
Minister of Science and Innovation
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Associate Minister of Finance

16 DEC 2013

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

Dear John

Determination of Design of Funding Mechanism: Adult and Community Education

I am writing to advise you of the new funding determination that I have made under section 159L of the Education Act 1989 for adult and community education.

The new determination is set out in the appendix to this letter. The determination covers the period 1 January 2014 to 31 December 2014.

Under section 159O of the Act, it is the Commission's responsibility to develop the operational policy and practices needed to implement my determinations of the designs of funding mechanisms. 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

Steven Joyce
Minister for Tertiary Education, Skills and Employment

DETERMINATION OF DESIGN OF FUNDING MECHANISM: ADULT AND COMMUNITY EDUCATION

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 Adult and Community Education (ACE) (funding mechanism).

Purpose

2. The purpose of funding ACE provision is to provide adults with community-based education, foundation skills, and pathways into other learning opportunities that meet community learning needs.

On-Plan and Off-Plan funding

3. The Tertiary Education Commission (TEC) must pay funding for ACE under section 159YA of the Act in relation to tertiary education organisations (TEOs) funded via an investment plan.
4. The TEC must pay funding for ACE under section 159ZC of the Act in relation to a TEO that is exempt under section 159U of the Act from submitting a proposed investment plan.

PART ONE: THE FUNDING MECHANISM

General Parameters

Effective period

5. This funding mechanism is to fund ACE provision delivered from 1 January 2014 to 31 December 2014.
6. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism outside those dates.

Available funding

7. The total amount of Government funding that can be allocated under this funding mechanism will be set through the Government's annual budget processes.

Eligible provision

8. The TEC must ensure that a TEO only receives ACE funding for provision that:
 - (a) targets learners whose initial learning was not successful;
 - (b) raises foundation skills; and

- (c) strengthens social cohesion, enhancing a learner's ability to participate in society and economic life.

TEO eligibility

9. The TEC must only fund a TEO to provide ACE if the TEO is:
- (a) an institute of technology and polytechnic (ITP);
 - (b) a wānanga;
 - (c) a private training establishment (PTE) that specialises in foundation learning;
 - (d) a state school or state integrated school;
 - (e) a rural education activity programme (REAP); or
 - (f) a community organisation.

TEO quality assurance

10. To be eligible for funding under this funding mechanism, a TEO (other than a community organisation) must be quality assured by:
- (a) the New Zealand Qualifications Authority, if the TEO is an ITP, a wānanga, a PTE or
 - (b) the Education Review Office, if the TEO is a state or state-integrated school.

Learner eligibility

11. The TEC must ensure that a TEO only receives ACE funding for a learner enrolled in an ACE programme who is:
- (a) a New Zealand citizen or permanent resident;
 - (b) 16 years of age or over; and
 - (c) not a full-time secondary school student.
12. A TEO may receive funding for a learner who does not meet the criteria specified in paragraph 11 only if that learner is:
- (a) under the age of 16 years and he or she participates with adults in family-based provision; or
 - (b) a full-time secondary school student who:
 - (i) is 16 years of age and over;
 - (ii) attends ACE provision outside of normal school hours;

(iii) has obtained approval from the relevant school principal; and

(iv) has obtained approval from the TEC.

FUNDING RATES AND ALLOCATIONS

A. ITPs and Wānanga

Funding formula and rate

13. In relation to ITPs and wānanga, the TEC must measure ACE enrolments in units of equivalent full-time students (EFTS).
14. One (1.0) EFTS unit is defined as the learner workload that would normally be carried out by a learner enrolled full-time in a single academic or calendar year.
15. The TEC must allocate funding for ACE provision at a fixed rate of \$4,444.44 per EFTS (GST exclusive).

Funding priorities

16. When allocating funding to ITPs and wananga, the TEC must:
 - (a) take into account each ITP's and wānanga's overall portfolio of ACE provision; and
 - (b) prioritise funding for ITP and wānanga ACE provision that primarily focuses on:
 - (i) the learning of foundation skills; and
 - (ii) the re-engagement of learners whose initial learning was not successful; and
 - (iii) ensuring the progression of learners into formal tertiary education.

B. PTEs, REAPs, and Community Organisations

Funding formula and rates

17. The TEC must determine the appropriate total amount of funding for a PTE, REAP or community organisation to be funded for ACE provision.

Funding Priorities

18. When allocating funding to PTEs, REAPS and community organisations, the TEC must:
 - (a) take into account each PTE's, REAP's and community organisation's overall portfolio of ACE provision; and

- (b) prioritise funding for ACE provision that primarily focuses on:
 - (i) literacy, digital literacy, and/or numeracy;
 - (ii) English language, including English as a Second Language;
 - (iii) New Zealand Sign language; or
 - (iv) Te Reo Māori.

C. State Schools and State Integrated Schools

Funding rates

19. The TEC must allocate funding to state schools and state integrated schools at a fixed hourly rate (\$7.27 per hour) for a minimum number of hours of ACE provision per learner.

Funding Priorities

20. When allocating funding to state schools and state integrated schools, the TEC must:
- (a) take into account each school's overall portfolio of ACE provision; and
 - (b) ensure that each school will prioritise learners with the highest need. It is expected that at least 50% of the learners enrolled in the school's funded ACE provision will:
 - (i) identify as having English language needs;
 - (ii) have low or no formal qualifications; or
 - (iii) identify as Māori or Pasifika;
 - (c) prioritise funding for ACE provision that primarily focuses on:
 - (i) literacy, digital literacy, and/or numeracy;
 - (ii) English language, including English as a Second Language;
 - (iii) New Zealand Sign language; or
 - (iv) Te Reo Māori.

PART TWO: FUNDING CONDITIONS

General Conditions for off-Plan funding

21. The TEC may impose any conditions on funding paid under this funding mechanism under section 159ZC that it considers necessary for ensuring that funding will achieve the purpose for which it has been allocated.

Conditions that the TEC must attach to funding (on- and off-Plan)

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

Tertiary Education Organisations

23. The TEC must attach to funding a condition that a TEO that receives ACE funding under this funding mechanism must, for the length of the funding period, continue to meet the criteria specified in paragraph 9 of this funding mechanism.
24. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
- (a) only subcontract to an organisation or group that does not already receive TEC funding;
 - (b) notify the TEC of the subcontracting arrangement prior to its commencement;
 - (c) ensure that a subcontracted party does not further subcontract any function; and
 - (d) remain accountable for:
 - (i) the use of the ACE funding; and
 - (ii) ensuring that the subcontracted party is quality assured in accordance with paragraph 10, and meets the conditions set out in paragraph 27 of this funding mechanism.

Programmes

25. The TEC must attach to funding a condition that a TEO that receives ACE funding must ensure that a programme in which an eligible learner is enrolled meets and continues to meet the criteria specified in paragraph 8.

Learners

26. The TEC must attach to funding a condition that a TEO that receives ACE funding must ensure that each learner who is enrolled in an ACE programme or activity meets and continues to meet:
- (a) the criteria specified in paragraph 11; or
 - (b) the criteria specified in paragraph 12.

TEO responsibilities

27. The TEC must attach to funding a condition that a TEO that receives ACE funding must:

- (a) work with local organisations, groups, and communities, including other TEOs involved in ACE provision, to identify and meet community learning needs; and
- (b) ensure that the level of fees it sets for ACE programmes does not prevent individuals from enrolling in those programmes; and
- (c) charge the same fee to all learners participating in an ACE programme funded under this funding mechanism; and
- (d) other than a community organisation, remain quality assured as specified in paragraph 10 of this funding mechanism, and:
- (e) design and provide ACE programmes and activities that:
 - (i) if the TEO is an ITP or wananga, align with the priorities specified in paragraph 16; or
 - (ii) if the TEO is a PTE, REAP, or a community organisation, align with the priorities specified in paragraph 18; or
 - (iii) if the TEO is a state school or state integrated school, align with the priorities specified in paragraph 20;
- (f) not use ACE funding to provide programmes and activities to a group or class of secondary school students, even if the programme is provided outside school hours; and
- (g) not use ACE funding to provide professional development courses to ACE teachers and tutors.

No other funding

28. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
- (a) not (without the TEC's prior written consent) seek or obtain funding from any Crown source other than the TEC to fund a programme or training scheme that is funded under this funding mechanism; and
 - (b) notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of this condition.

Responsible use of funding

29. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must use the funding:
- (a) lawfully, responsibly, and for the purposes for which it is provided; and
 - (b) in a manner consistent with the appropriate use of public funds.

Recovery of over-funding

30. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
 - (a) is repayable on demand; and
 - (b) may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
31. The TEC will provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

TEC administrative responsibilities

32. If the TEO receives funding under this funding mechanism that is less than it should have been, or less than it was entitled to receive, the TEC must treat the amount of under-funding as a credit and pay the amount of the under-funding as soon as is reasonably practicable.