



## Office of Hon Steven Joyce

Minister for Economic Development  
Minister of Science and Innovation  
Minister for Tertiary Education, Skills and Employment  
Associate Minister of Finance

- 5 DEC 2013

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

Dear John

### **Determination of Design of Funding Mechanism: Gateway**

I am writing to advise you of the new funding determination that I have made under section 159L of the Education Act 1989 (the Act) for Gateway. The new determination is set out in the appendix to this letter. The determination covers the period 1 January 2014 to 31 December 2014.

As you will be aware, I am currently reviewing Gateway and the Secondary-Tertiary Alignment Resource (STAR). Proposals for Gateway include increasing the expected average number of credits achieved per student from 10 credits to 20 credits on the New Zealand Qualifications Framework (NZQF), and encouraging the alignment of Gateway programmes with the Vocational Pathways.

My colleagues will shortly discuss possible changes to Gateway and STAR following this review, and I expect that 2014 will be a transition year for any changes, before full implementation in 2015.

I will write to you again once the review outcomes are finalised.

Under section 159O of the Act, it is the Commission's responsibility to develop the details of how to implement the funding mechanism. 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 these determinations.

Yours sincerely



**Steven Joyce**  
Minister for Tertiary Education, Skills and Employment

# **DETERMINATION OF DESIGN OF FUNDING MECHANISM: GATEWAY**

## **PRELIMINARY PROVISIONS**

### ***Introduction and 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 Gateway (funding mechanism).
2. This funding mechanism enables the Tertiary Education Commission (TEC) to fund state schools and state integrated schools to provide broader educational options for senior secondary school students.

### ***Purpose***

3. The purpose of funding for Gateway provision is to enable schools to give senior students opportunities to access quality structured workplace learning that is integrated with school-based learning. Students have their learning assessed in the workplace and achieve credits towards qualifications on the New Zealand Qualifications Framework (including the National Certificate of Educational Achievement).

### ***Off-Plan funding***

4. The TEC must pay Gateway funding under section 159ZC of the Act.

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

### **GENERAL PARAMETERS**

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

5. This funding mechanism is to fund 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.

#### ***Funding formula and rates***

8. The TEC must determine funding rates for Gateway provision from time to time and notify the rates to eligible tertiary education organisations (TEOs).

9. The TEC must fund a TEO for the number of eligible students enrolled in the Gateway programme, up to the number of students agreed between the TEO and the TEC.

### ***TEO eligibility***

10. The TEC must only provide Gateway funding to a TEO that is a state school or a state integrated school.

### ***Programme eligibility***

11. The TEC must only allocate Gateway funding to a Gateway programme that:
  - a. allows senior school students to participate in structured workplace learning, including the assessment and recognition of that learning in the form of credits towards a qualification on the New Zealand Qualifications Framework (including the National Certificate of Educational Achievement); and
  - b. integrates workplace learning with a student's wider course of study.

### ***Student eligibility***

12. The TEC must ensure that a recipient of Gateway funding only enrolls a student in a Gateway programme if the student is:
  - a. a domestic, senior school student (years 11 to 13<sup>1</sup>); and
  - b. capable of undertaking a structured work placement, and attaining credit achievement in the workplace.

## **PART TWO: FUNDING CONDITIONS**

### **GENERAL CONDITIONS THAT THE TEC MAY ATTACH TO FUNDING PROVIDED UNDER SECTION 159ZC**

13. In providing a TEO with funding under section 159ZC of the Act, the TEC may impose any conditions that it considers necessary, including, without limitation, conditions for ensuring that the funding will achieve the purpose for which it has been provided.

### **SPECIFIC CONDITIONS THAT THE TEC MUST ATTACH TO FUNDING PROVIDED UNDER SECTION 159ZC**

14. The following specific conditions must be attached to funding provided under this funding mechanism:

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<sup>1</sup> This includes the so-called "13+ students" or students who repeat or return for a second (or more) year at Year 13.

### ***Tertiary Education Organisations***

15. The TEC must attach to funding a condition that a TEO that receives Gateway funding must continue to be a state school or a state integrated school for the period of funding approval.

### ***Programmes***

16. The TEC must attach to funding a condition that a TEO that receives Gateway funding must ensure that a programme in which an eligible student is enrolled continues to meet the eligibility criteria specified in paragraph 11 of this funding mechanism.

### ***Students***

17. The TEC must attach to funding a condition that a TEO that receives Gateway funding must ensure that each student who is enrolled in a Gateway programme meets and continues to meet the criteria specified in paragraph 12 of this funding mechanism.

### ***No other funding***

18. The TEC must attach to funding a condition that a TEO that receives Gateway funding 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 which 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***

19. The TEC must attach to funding a condition that a TEO that receives Gateway funding 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***

20. 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.

21. 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.
22. In the case of TEOs located in Christchurch whose capacity as a provider has been affected by the earthquake of 22 February 2011 [or subsequent aftershocks], the TEC may waive the debt repayable by the TEO in full or in part.

### ***TEC administrative responsibilities***

23. If the 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 the over-funding as a credit and pay the amount as soon as is reasonably practicable.

### ***TEO responsibilities***

24. The TEC must attach to funding a condition that a TEO that receives Gateway funding must:
  - a. not use the funding provided under this funding mechanism to fund the cost of school space; and
  - b. not use funding provided under this mechanism to fund the school office or administrative services other than services specifically for Gateway; and
  - c. not charge a fee to students participating in Gateway programmes; and
  - d. comply with all administrative requirements specified by the TEC; and
  - e. take all reasonable and practicable steps to ensure that students will be safe in their work placements and to monitor the safety of students in their work placements; and
  - f. be satisfied that employers are aware of their employer obligations and that the workplace is appropriate for structured workplace learning; and
  - g. be satisfied that students are aware of their obligations as employees; and
  - h. ensure that students have the equipment necessary for their work placements, including tools, equipment, safety clothing and tuition materials, at no cost to the student.