



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

03 DEC 2013

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

Dear John

Supplementary Determination of Design of Funding Mechanism: Student Achievement Component

I am writing to advise you of a supplementary determination of the design of a funding mechanism, under section 159L of the Education Act 1989 (the Act), for the Student Achievement Component (SAC). The supplementary determination is set out in the appendix to this letter.

The appended determination supplements the Determination of Design of Funding Mechanism: Student Achievement Component that I issued in November 2012 for the period 1 January 2013 to 31 December 2014. It reflects decisions made in Budget 2013, the introduction of "top-up" funding for SAC provision at levels 1 and 2 on the New Zealand Qualifications Framework, and an increase in the cap on year-1 dentistry places.

The supplementary determination notes, for the avoidance of doubt, that the SAC operates in two pools (levels 1 and 2, and level 3 and above) following the move to a levels-based appropriation from 2013 (as set out in the supplementary information to the Estimates of Appropriations). The Commission may wish to draw this to providers' attention during the funding-approval process.

Under section 159O of the Act, it is the Commission's responsibility to develop the details of how to implement the appended supplementary 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 this determination.

Yours sincerely

Steven Joyce
Minister for Tertiary Education, Skills and Employment

SUPPLEMENTARY DETERMINATION OF DESIGN OF FUNDING MECHANISM: STUDENT ACHIEVEMENT COMPONENT

The "Determination of Design of Funding Mechanism: Student Achievement Component" (funding mechanism) was issued in November 2012.

Setting of total funding

For the avoidance of doubt, the SAC comprises two funds, as reflected in the documentation related to the Estimates of Appropriations¹:

- one for qualifications at levels 1 and 2
- one for qualifications at levels 3 and above.

The maximum amount of funding for allocation under this funding mechanism for each of the two SAC funds will be set through the Government's annual Budget processes.

Cap on high-cost SAC provision

Paragraph 37 of the funding mechanism stipulates that the TEC must manage caps on specified high cost SAC provision through TEO investment plans. The capped provision for medical undergraduate year-1 intake is specified as 485 EFTS and the capped provision for dentistry (intermediate) year-1 intake is specified as 54 EFTS. The capped provision for dental places does not specify a number of places that must be provided to students of rural origin.

Accordingly, this supplementary determination specifies that the capped provision for medical undergraduate year-1 intake is increased to 505 EFTS and the capped provision for dentistry (intermediate) year-1 intake is increased to 60 EFTS.

It is a condition on funding for dentistry (intermediate) year-1 intake that 10 places are allocated to students of rural origin.

Funding for SAC provision relating to qualifications at levels 1 and 2 on the New Zealand Qualifications Framework (NZQF)

Appendix Two of the funding mechanism details the funding categories and rates per EFTS for SAC provision. This supplementary determination specifies that SAC provision at levels 1 and 2 on the NZQF receives additional funding per EFTS from 1 January 2014.

In addition to classifying courses according to the categories in Appendix Two, Table One of the funding mechanism, the TEC must classify SAC provision at levels 1 and 2 on the NZQF into two funding categories: "trades" and "non-trades". SAC provision at levels 1 and 2 on the NZQF receives additional funding per EFTS of:

- \$3,000 (trades)
- \$2,100 (non-trades).

This funding is additional to the applicable funding rate per EFTS specified in Appendix Two, Table Four of the funding mechanism (as amended below).

Paragraph 73 of the funding mechanism specifies the condition that the TEC must attach to funding for SAC provision relating to qualifications at levels 1 and 2 on the NZQF which is not allocated through the competitive allocation process.

¹ *Education and Science Sector: Information Supporting the Estimates, Performance Information for Appropriations, Vote Tertiary Education.*

This supplementary determination adds an additional condition:

The TEC must attach to funding a condition that a TEO that receives SAC funding must not charge fees to any learner aged under 25 years old who is enrolled in a course at level 1 or level 2 on the NZQF.

Annual Maximum Fee Movement (AMFM)

Paragraph 78 of the funding mechanism states that the AMFM condition does not apply to professional master's programmes.

This supplementary determination deletes paragraph 78. This means that a TEO must not increase the fees of a professional master's programme above the AMFM.

APPENDIX TWO: CALCULATION OF SAC FUNDING

Table Four in Appendix Two of the Funding Mechanism details the funding rate per EFTS for TEIs (universities, institutes of technology and polytechnics, and wānanga). Table Five details the funding rate per EFTS for private training establishments.

This supplementary determination removes Table Five and replaces Table Four with the following table:

Table Four: Funding rates - Tertiary Education Institutions and Private Training Establishments

	1	2	3	4	5
A	\$6,014	\$6,135	\$7,743	\$8,189	\$3,405
B	\$9,200	\$9,384	\$11,931	\$12,827	\$6,242
C	\$11,060	\$11,282	\$14,339	\$15,432	\$7,455
G		\$21,035	\$26,154	\$26,154	\$6,779
H		\$17,602	\$22,198	\$23,292	\$5,244
I	\$8,569	\$8,741	\$10,975	\$11,420	\$3,405
J	\$6,014	\$6,135	\$7,743	\$8,189	\$3,405
L	\$10,338	\$10,545	\$13,294	\$14,189	\$6,954
M	\$13,166	\$13,430	\$16,864	\$17,958	\$8,763
N	\$12,272	\$12,518	\$15,747	\$16,948	\$8,187
O		\$18,160			
P	\$9,938				
Q		\$27,521			
R		\$51,690			
S	\$18,301				
T		\$36,139			
U		\$42,622			
V	\$10,756	\$10,972	\$13,832	\$14,763	\$7,236