



Office of Hon Steven Joyce

Minister for Economic Development
Minister for Regulatory Reform
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05 OCT 2015

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

Dear John

Determination of Design of Funding Mechanism: Literacy and Numeracy provision

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

The new determination is set out in the appendix to this letter. The determination covers the period from 1 January 2016 to 31 December 2016.

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: LITERACY AND NUMERACY PROVISION

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 literacy and numeracy provision (funding mechanism).

Purpose

2. This funding mechanism for literacy and numeracy provision covers three funds:
 - a. the Intensive Literacy and Numeracy Fund; and
 - b. the Workplace Literacy and Numeracy Fund; and
 - c. the Adult Literacy Educator Fund.
3. The purposes of funding literacy and numeracy provision are to:
 - a. raise adults' literacy and numeracy skills; and
 - b. increase opportunities for adults to engage in literacy and numeracy learning, particularly for those in low-skilled employment; and
 - c. improve the quality and relevance of provision, including the ability to identify learner need and learning gain.
4. For the avoidance of doubt, the general parameters and funding conditions included in this funding mechanism apply to all three funds unless stated otherwise.

On-Plan and Off-Plan funding

5. The Tertiary Education Commission (TEC) must pay funding allocated for the Intensive Literacy and Numeracy Fund, the Workplace Literacy and Numeracy Fund (except for Tertiary Education Organisations (TEOs) that are employers as described in paragraph 25(f) of this funding mechanism) and the Adult Literacy Educator Fund under section 159YA of the Act.
6. The TEC must pay funding allocated for the Workplace Literacy and Numeracy Fund to TEOs that are employers as described in paragraph 25(f) of this funding mechanism under section 159ZC of the Act.

PART ONE: THE FUNDING MECHANISM

GENERAL PARAMETERS

Effective period

7. This funding mechanism is to fund literacy and numeracy provision delivered from 1 January 2016 to 31 December 2016.
8. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before that date.

Available funding

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

SPECIFIC PARAMETERS

A. THE INTENSIVE LITERACY AND NUMERACY FUND

Purpose

10. The purpose of the Intensive Literacy and Numeracy Fund is to fund the intensive provision of high quality literacy and numeracy learning opportunities within an appropriately structured environment.

Funding rates

11. The TEC must allocate \$2,500 of funding from the Intensive Literacy and Numeracy Fund to TEOs per 100 hours of literacy, numeracy, or literacy and numeracy, tuition.
12. The literacy, numeracy, or literacy and numeracy, tuition must be delivered at the intensity of 100 hours over a 5 to 20 week period.
13. The total hours of literacy, numeracy, or literacy and numeracy tuition delivered by a TEO should be at an average rate of 100 hours per learner.
14. The TEC must monitor the provision that is funded under the Intensive Literacy and Numeracy Fund to ensure that it is delivered in accordance with paragraph 12 and 13.

TEO eligibility

15. The TEC must only fund a TEO from the Intensive Literacy and Numeracy Fund if the TEO:
 - a. is one of the following:
 - i. institute of technology or polytechnic (ITP);
 - ii. a private training establishment (PTE);

- iii. a wānanga;
 - iv. a university; or
 - v. a state or state-integrated school; and
- b. uses the Literacy and Numeracy for Adults Assessment Tool¹ to measure each learner's initial literacy and numeracy skill levels, and to measure his or her literacy, numeracy, or literacy and numeracy progress (as appropriate); and
 - c. is able to offer an eligible programme of intensive literacy and numeracy provision as set out in paragraph 17; and
 - d. has adequate processes for reporting improvements of a learner's literacy and numeracy skills.

TEO quality assurance

16. To be eligible for funding from the Intensive Literacy and Numeracy Fund under this funding mechanism, a TEO must be quality assured by:
- a. the New Zealand Qualifications Authority (NZQA), if the TEO is an ITP, PTE, or wānanga; or
 - b. the New Zealand Vice-Chancellors' Committee (Universities NZ), if the TEO is a university; or
 - c. the Education Review Office, if the TEO is a state or state-integrated school.

Programme eligibility

17. The TEC must only fund a TEO from the Intensive Literacy and Numeracy Fund for a programme of study or training that:
- a. provides literacy, numeracy, or literacy and numeracy, study or training that is specific, rather than embedded within the programme; and
 - b. contributes to the Government's priority for literacy and numeracy skill development, as set out in the Tertiary Education Strategy 2014-2019; and
 - c. provides high quality literacy, numeracy, or literacy and numeracy, study or training, that represents value for money; and
 - d. enables each learner to use literacy, numeracy, or literacy and numeracy skills to meaningfully engage in New Zealand society; and
 - e. is effective in improving each learner's literacy, numeracy, or literacy and numeracy, skills; and
 - f. has measurable literacy, numeracy, or literacy and numeracy, outcomes; and
 - g. is flexible and able to be tailored to meet the needs of an individual adult learner; and

¹ including Starting Points, the Youth option of the Tool, and Te Ara Hapara as appropriate.

- h. is provided by a tutor who holds an appropriate qualification as determined by the TEC.

Learner eligibility

- 18. The TEC must only fund a TEO from the Intensive Literacy and Numeracy Fund in respect of a learner who:
 - a. is a New Zealand citizen or resident; and
 - b. has low skill levels in literacy, numeracy, or literacy and numeracy, as determined by the TEC.

B. THE WORKPLACE LITERACY AND NUMERACY FUND

Purpose

- 19. The purposes of the Workplace Literacy and Numeracy Fund are to:
 - a. increase the literacy and numeracy skills of employees; and
 - b. contribute to workplace productivity through the provision and evaluation of literacy and numeracy learning in a workplace context.
- 20. The purposes can be achieved by:
 - a. providing literacy and numeracy programmes of study or training to employees; and
 - b. supporting workplaces to establish workplace literacy and numeracy provision.

Funding rates

- 21. The TEC must allocate up to \$3,700 of funding from the Workplace Literacy and Numeracy Fund to TEOs per 40 hours of literacy, numeracy, or literacy and numeracy, tuition.
- 22. The literacy, numeracy, or literacy and numeracy, tuition must be delivered at the intensity of 40 hours over a 10 to 40 week period.
- 23. The total hours of literacy, numeracy, or literacy and numeracy tuition delivered by a TEO should be at an average rate of 40 hours per learner.
- 24. The TEC must monitor the provision that is funded under the Workplace Literacy and Numeracy Fund to ensure that it is delivered in accordance with paragraph 22 and 23.

TEO eligibility

25. The TEC may only fund a TEO from the Workplace Literacy and Numeracy Fund if the TEO is one of the following:
- a. an ITP;
 - b. a PTE;
 - c. a wānanga;
 - d. a university;
 - e. a state or state-integrated school; or
 - f. an employer that:
 - i. is an organisation as defined by section 159B of the Act²; and
 - ii. is a body corporate; and
 - iii. delivers literacy, numeracy, or literacy and numeracy, provision to a minimum of 20 of its employees; or
 - iv. delivers literacy, numeracy, or literacy and numeracy, provision to a minimum of 20 employees as part of a consortium arrangement with other employers.

26. The TEO must use the Literacy and Numeracy for Adults Assessment Tool³ to measure each learner's initial literacy and numeracy skill levels, and to measure his or her literacy, numeracy, or literacy and numeracy progress (as appropriate).

TEO quality assurance

27. To be eligible for funding from the Workplace Literacy and Numeracy Fund under this funding mechanism, a TEO (other than an employer as per paragraph 25(f)) must be quality assured by:
- a. NZQA, if the TEO is an ITP, PTE, or wānanga; or
 - b. the New Zealand Vice-Chancellors' Committee (Universities NZ), if the TEO is a university; or
 - c. the Education Review Office, if the TEO is a state or state-integrated school.

Programme eligibility

28. The TEC must only fund a TEO from the Workplace Literacy and Numeracy Fund for a programme of workplace training if the programme:
- a. provides literacy, numeracy, or literacy and numeracy, study or training that is specific, rather than embedded within the programme; and

² For the purposes of this funding mechanism, the term "TEO" also applies to these employers, unless specified.

³ including Starting Points, the Youth option of the Tool, and Te Ara Hapara as appropriate.

- b. contributes to the Government's priority for literacy and numeracy skill development, as set out in the Tertiary Education Strategy 2014-2019; and
 - c. provides high quality literacy, numeracy, or literacy and numeracy, study or training that represents value for money; and
 - d. is effective and innovative in improving each learner's workplace literacy, numeracy, or literacy and numeracy, skills, to meaningfully engage in the workplace and New Zealand society; and
 - e. is able to be tailored to meet the needs of an individual learner; and
 - f. has adequate processes for reporting on a learner's progress in improving literacy, numeracy, or literacy and numeracy skills; and
 - g. is provided by a tutor who holds an appropriate qualification as determined by the TEC.
29. In addition to paragraph 28, the TEC must only fund a TEO that is an employer as per paragraph 25(f), or a TEO that works with a specific employer, for a programme of workplace training if the programme:
- a. provides high quality literacy, numeracy, or literacy and numeracy study, or training, that is tailored to the needs of the workplace; and
 - b. contributes to the development of sustainable employee literacy and numeracy practices within the workplace; and
 - c. has targeted literacy, numeracy, or literacy and numeracy, outcomes that reflect the priorities and needs of the workplace; and
 - d. has the support of the employer's senior management.

Learner eligibility

30. The TEC must only fund a TEO from the Workplace Literacy and Numeracy Fund in respect of a learner who:
- a. is a New Zealand citizen or resident; and
 - b. has low skill levels of literacy, numeracy, or literacy and numeracy, as determined by the TEC; and
 - c. is in the paid workforce; and
 - d. is not:
 - i. enrolled as a full-time student at a TEO; or
 - ii. accessing TEC-funded literacy, numeracy, or literacy and numeracy, provision at another TEO or workplace.

C. THE ADULT LITERACY EDUCATOR FUND

Purpose

31. The purpose of the Adult Literacy Educator Fund is to build an effective literacy and numeracy teaching workforce by increasing the capability of educators and trainers to teach literacy and numeracy skills to adults. It does this by reducing fees for programmes that lead to literacy and numeracy educator qualifications at level 5 on the New Zealand Qualifications Framework (NZQF).

Funding rates

32. The TEC must allocate funding to a TEO on the basis of a:

- a. specified number of places in programmes leading to literacy and numeracy educator qualifications at Level 5 on the NZQF; and
- b. fixed rate of \$2,000 per learner to contribute towards the fees TEOs charge for programmes that lead to literacy and numeracy educator qualifications at level 5 on the NZQF.

TEO eligibility

33. The TEC must only fund a TEO from the Adult Literacy Educator Fund if the TEO is:

- a. an ITP;
- b. a PTE;
- c. a wānanga; or
- d. a university.

TEO quality assurance

34. To be eligible for funding under this funding mechanism, a TEO must be quality assured by the:

- a. NZQA, if the TEO is an ITP, PTE, or wānanga; or
- b. New Zealand Vice-Chancellors' Committee (Universities NZ), if the TEO is a university.

Programme eligibility

35. The TEC must only fund a TEO from the Adult Literacy Educator Fund for tuition fees top-ups for a programme of study or training if the programme leads to a literacy and numeracy educator qualification (or qualifications) at level 5 on the NZQF.

36. For the avoidance of doubt, a TEO that receives a fees top-up from the Adult Literacy Educator Fund for an eligible learner may charge the balance of the tuition fees to the learner.

Learner eligibility

37. The TEC must only provide funding to a TEO from the Adult Literacy Educator Fund in respect of a learner who:
- a. is a New Zealand citizen or resident; and
 - b. is 18 years of age or over; and
 - c. has the academic ability to complete the programme of study that leads to an appropriate qualification.

PART TWO: FUNDING CONDITIONS

General Conditions for off-Plan funding

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

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

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

Tertiary Education Organisations

40. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, for the length of the funding period, continue to meet the criteria specified at:
- a. paragraphs 15 and 16 of this funding mechanism, if the funding is from the Intensive Literacy and Numeracy Fund; or
 - b. paragraphs 25 to 27 of this funding mechanism, if the funding is from the Workplace Literacy and Numeracy Fund; or
 - c. paragraphs 33 and 34 of this funding mechanism, if the funding is from the Adult Literacy Educator Fund.

Programmes

41. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a programme in which an eligible learner is enrolled continues to meet the criteria specified at:
- a. paragraph 17 of this funding mechanism if the funding is from the Intensive Literacy and Numeracy Fund; or
 - b. paragraphs 28 and 29 of this funding mechanism, if the funding is from the Workplace Literacy and Numeracy Fund; or
 - c. paragraph 35 and 36 of this funding mechanism, if the funding is from the Adult Literacy Educator Fund.

Learners

42. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
- a. must ensure that each learner who is enrolled in a programme of study or training meets and continues to meet the criteria specified at:
 - i. paragraph 18 of this funding mechanism, if the funding is from the Intensive Literacy and Numeracy Fund; or
 - ii. paragraph 30 of this funding mechanism, if the funding is from the Workplace Literacy and Numeracy Fund; or
 - iii. paragraph 37 of this funding mechanism, if the funding is from the Adult Literacy Educator Fund; and
 - b. must verify each learner's identity to confirm the learner's eligibility in accordance with the requirements developed by the TEC.

Fees

43. The TEC must attach to a TEO's funding a condition that a TEO that receives funding from the Intensive Literacy and Numeracy Fund or the Workplace Literacy and Numeracy Fund under this funding mechanism must not charge a fee to a learner participating in a programme funded from these funds.

Subcontracting

44. The TEC must attach to a TEO's funding the following condition if the TEO is an employer as per paragraph 25(f) that receives funding from the Workplace Literacy and Numeracy Fund under this funding mechanism. The TEO must not subcontract the provision of a programme of workplace training to another TEO unless:
- a. the TEO receives the TEC's written consent prior to subcontracting; and
 - b. the TEO complies with any conditions imposed by the TEC on giving consent to subcontract; and
 - c. the TEO ensures that the subcontracted party uses the Literacy and Numeracy for Adults Assessment Tool⁴ to measure each learner's initial literacy and numeracy skill levels, and to measure his or her literacy, numeracy, or literacy and numeracy progress (as appropriate)

No other funding

45. 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 which is funded under this funding mechanism; and

⁴ including Starting Points, the Youth option of the Tool, and Te Ara Hapara as appropriate.

- b. notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of subparagraph (a) of this condition.

Responsible use of funding

46. 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

47. 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.
48. 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.

TEC administrative responsibilities

49. 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 pay the amount of the under-funding as soon as is reasonably practicable.

Specific condition that the TEC must attach to funding for Tertiary Education Institutions funded under this funding mechanism

Enrolment

50. The TEC must attach to funding a condition that a Tertiary Education Institution must keep accurate and up-to-date records of enrolments in accordance with the requirements developed by the TEC.