

# Hon Chris Hipkins

MP for Remutaka

Minister of Education  
Minister of Police  
Minister for the Public Service  
Leader of the House



Jenn Bestwick  
Chair  
Tertiary Education Commission  
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Dear Jenn

## **Determination of Design of Funding Mechanism: Adult and Community Education**

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for Adult and Community Education (ACE).

The determination is set out in the appendix to this letter. The determination covers the funding of provision delivered from 1 January 2023. The new determination includes a 2.75 percent increase to all funding rates specified in the determination.

Under section 422 of the Act, it is the Commission's responsibility to develop the details needed to implement my determinations for the design of funding mechanisms.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'CH', representing Chris Hipkins.

**Hon Chris Hipkins**  
Minister of Education

# **DETERMINATION OF DESIGN OF FUNDING MECHANISM: ADULT AND COMMUNITY EDUCATION**

## **PRELIMINARY PROVISIONS**

### ***Statutory authority***

1. This funding mechanism for adult and community education is made under section 419 of the Education and Training Act 2020 (the Act).

### ***Purpose***

2. This funding mechanism covers the Adult and Community Education (ACE) Fund.
3. The purpose of the ACE Fund is to purchase provision that provides adults with community-based education, foundation skills, and pathways into other learning opportunities that meet community learning needs.

### ***On-Plan funding***

4. The Tertiary Education Commission (TEC) must pay funding for ACE in accordance with section 425 of the Act.

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

### **General Parameters**

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

5. This funding mechanism applies to the funding of eligible ACE programmes delivered from 1 January 2023.
6. The TEC may exercise any of its administrative functions before this date as required to give effect to this funding mechanism.

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

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

## **SPECIFIC PARAMETERS**

### ***TEO eligibility***

8. The TEC may only fund a TEO under this funding mechanism for ACE provision if the TEO is one of the following:
  - a. Te Pūkenga - New Zealand Institute of Skills and Technology (Te Pūkenga)<sup>1</sup>;

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<sup>1</sup> Unless context otherwise requires, references to "Te Pūkenga" include any Te Pūkenga subsidiary

- b. a wānanga;
- c. a private training establishment (PTE) that specialises in foundation learning;
- d. a rural education activities programme (REAP) provider;
- e. a community organisation; or
- f. a State or State integrated school.

***TEO quality assurance***

9. To be eligible for ACE funding under this funding mechanism, a TEO (other than a community organisation) must be quality assured as follows:
  - a. if ACE funding is for delivery by Te Pūkenga or one or more of the subsidiaries of Te Pūkenga, Te Pūkenga or the relevant subsidiaries of Te Pūkenga are quality assured by the New Zealand Qualifications Authority (NZQA);
  - b. if the TEO is a wānanga, or a PTE (including REAP providers that are registered providers<sup>2</sup>) the TEO is quality assured by NZQA; or
  - c. if the TEO is a State or State integrated school, the TEO is quality assured by the Education Review Office.

***Te Pūkenga and wānanga - funding formula and rate***

10. The TEC must measure ACE enrolments at Te Pūkenga and wānanga in units of equivalent full-time students (EFTS). 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.
11. The TEC must allocate funding for ACE provision delivered by Te Pūkenga and wānanga at a fixed rate of \$4,779.00 per EFTS (GST exclusive).

***Te Pūkenga and wānanga - funding priorities***

12. When allocating ACE funding to Te Pūkenga and wānanga, the TEC must prioritise funding for ACE provision that primarily focuses on:
  - a. the learning of foundation skills;
  - b. the re-engagement of learners whose previous learning was not successful; and
  - c. the progression of learners into formal tertiary education.

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<sup>2</sup> Some REAPs are community organisations.

***PTEs, REAP providers, and community organisations - funding formula and rates***

13. The TEC must determine the appropriate total amount of funding for ACE provision delivered by a PTE, REAP provider or community organisation.

***State schools and State integrated schools - funding formula and rates***

14. The TEC must allocate funding for ACE provision to State schools and State integrated schools at a fixed hourly rate (\$10.28 per hour) for a minimum number of hours of ACE provision per learner per year for each school.
15. The TEC may allocate up to \$500,000 of ACE funding each year to provide targeted support for ACE co-ordination by schools.

***State schools and State integrated schools - priority learners***

16. When allocating funding for ACE provision to State schools and State integrated schools, the TEC must ensure that each school will prioritise learners with the highest need and those who have been traditionally under-served, such as Māori, Pacific peoples, and disabled learners.

***Eligible programmes***

17. The TEC must require each TEO to ensure that it only receives ACE funding for an eligible learner enrolled in a programme of study or training that is designed to do one or more of the following:
  - a. improve employability, such as courses focused on employability, or life skills such as financial literacy, and introductory 'taster' courses;
  - b. promote social and cultural inclusion and participation, including but not limited to, courses in languages including Te Reo Māori, New Zealand Sign Language, English language (including ESOL), Pacific languages (especially Realm languages) and Asian languages, and courses supporting digital inclusion;
  - c. raise foundation skills through courses in literacy, numeracy and/or digital literacy;
  - d. improve health and wellbeing, such as courses in parenting, mental health and resilience, or conflict resolution/anger management.
18. When allocating funding to a TEO under this funding mechanism, the TEC must take into account:
  - a. access to ACE throughout New Zealand;
  - b. connections between ACE provision and the rest of the education system; and
  - c. each TEO's overall portfolio of ACE provision.

### ***Learner eligibility***

19. The TEC must require each TEO to ensure that it only receives ACE funding for a learner enrolled in an ACE programme who is:
  - a. a domestic student as defined in section 10(1) of the Act;
  - b. 16 years of age or over; and
  - c. not a full-time secondary school student.
20. The TEC may allocate funding for ACE provision for a learner who is a domestic student but does not meet the criteria specified in paragraph 19 (b) or (c) only if that learner is:
  - a. under the age of 16 years and they participate with adults in family-based provision; or
  - b. a full-time secondary school student:
    - i. who is 16 years of age and over;
    - ii. who receives ACE provision outside of normal school hours;
    - iii. who has obtained approval from the relevant school principal, or person of equivalent authority; and
    - iv. for whom the TEO has obtained approval from the TEC.
21. When allocating funding for ACE provision to a TEO, the TEC must ensure that the TEO will:
  - a. target ACE provision in foundation skills to learners who have low or no formal qualifications (if the TEO receives funding under this funding mechanism for ACE provision in foundation skills); and
  - b. target ACE provision in English language/ESOL to learners who identify as having English language needs (if the TEO receives funding under this funding mechanism for ACE provision in English language/ESOL).

## **PART TWO: FUNDING CONDITIONS**

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

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

#### ***TEOs***

23. 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 in paragraphs 8 and 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. not subcontract any of the funded activities without the prior written consent of the TEC and without the prior written approval by NZQA where the TEO is quality assured by NZQA;
  - b. comply with any conditions imposed by the TEC on an approval to subcontract;
  - c. ensure that a subcontracted party does not further subcontract any functions; and
  - d. remain accountable for the use of the funding.

### ***Programmes***

25. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a programme of study or training in which an eligible learner is enrolled continues to meet the criteria specified in paragraph 17 of this funding mechanism.

### ***Learners***

26. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each learner who is enrolled in a programme of study or training funded under this funding mechanism meets and continues to meet the criteria specified in paragraphs 19 or 20 of this funding mechanism.

### ***TEO responsibilities***

27. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, where appropriate, work with local Regional Skills Leadership Groups, local iwi, local organisations, peak bodies, local industry, local employers, and communities, including other TEOs involved in ACE, to identify and meet community learning needs, in relation to each TEO's overall portfolio of ACE provision.
28. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must provide the TEC with access to its premises, employees, and information for the purposes of:
- a. inspecting the records that the TEO must keep; and
  - b. auditing the TEO's compliance with funding conditions and requirements in the Act.
29. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
- a. must design and provide ACE programmes of study or training that align with the priorities specified in paragraph 17 and:

- i. if the TEO is Te Pūkenga or wānanga, also align with the priorities specified in paragraph 12(a); or
  - ii. if the TEO is a State school or State integrated school, also align with the priorities specified in paragraph 16;
- b. must not use ACE funding to provide programmes of study or training to a group or class of secondary school students, even if the programme of study or training is provided outside school hours; and
  - c. must not use ACE funding to provide professional development courses for ACE teachers and tutors.

### ***National Student Numbers***

- 30. Subject to paragraph 31, the TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism may, if possible, collect each enrolled learner's National Student Numbers (NSNs) and report those NSNs to the TEC for statistical and research purposes.
- 31. The TEC must not attach the conditions specified in paragraph 30 to community organisations, PTEs and REAP providers that receive no other funding from the TEC other than funding provided under this funding mechanism.

### ***Fees***

- 32. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
  - a. must pay for the necessary equipment, infrastructure and hardware required to deliver a particular programme<sup>3</sup>; and
  - b. in relation to the provision of essential equipment, including computers, must not require the costs to be met through the "course-related costs" component of the Student Loan Scheme, as a condition of enrolment for students.
- 33. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
  - a. ensure that the level of fees it sets for ACE programmes of study or training is not expected to prevent individuals from enrolling in those programmes; and
  - b. charge the same fee to all learners participating in an ACE programme of study or training funded under this funding mechanism.

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

- 34. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:

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<sup>3</sup> The phrase "equipment, infrastructure and hardware" refers to those items that can be used by successive intakes of students. It does not include personal items which are provided for individual student use and which the TEO does not retain for the next intake of students.

- a. must not (without the TEC's prior written consent) seek or obtain funding from any Crown source other than the TEC to fund provision which is funded under this funding mechanism; and
- b. must 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***

35. 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 funding***

36. 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.
37. 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.

***Repayment of funding following revocation of funding approval***

38. The TEC must attach to funding a condition that if, in accordance with clause 16 of Schedule 18 of the Act, the TEC suspends, revokes or withdraws some or all of a TEO'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 TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown and:
  - 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.