

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
PO Box 27-048
Wellington 6141

Dear Jenn,

Determination of Design of Funding Mechanism: Delivery on the New Zealand Qualifications and Credentials Framework at levels 7 (degree) and above

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 delivery on the New Zealand Qualifications and Credentials Framework (NZQCF) at levels 7 (degree) and above.

The new determination is set out in the appendix to this letter. The determination covers the funding of provision delivered from 1 January 2023.

Under section 422 of the Act, it is the TEC's responsibility to develop the details needed to implement my determinations of the design of funding mechanisms. I want to stress the importance of your continued focus on TEO Learner Success initiatives to support the success of these funds.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'CH', written over a light blue horizontal line.

Hon Chris Hipkins
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: DELIVERY ON THE NEW ZEALAND QUALIFICATION AND CREDENTIALS FRAMEWORK AT LEVELS 7 (DEGREE) AND ABOVE

PRELIMINARY PROVISIONS

Statutory authority

1. This funding determination is made under section 419 of the Education and Training Act 2020 (the Act), and specifies the design of the funding mechanism for delivery on the New Zealand Qualifications and Credentials Framework (NZQCF) at levels 7 (degree) and above (DQ7+).

Purpose

2. This funding contributes towards the provision of teaching and learning services for enrolled learners at tertiary education organisations (TEOs).

On-plan funding

3. The Tertiary Education Commission (TEC) must pay funding allocated under this funding mechanism in accordance with section 425 of the Act.

PART ONE: THE FUNDING MECHANISM

General parameters

Effective period dates

4. This funding mechanism is to fund provision from 1 January 2023.
5. The TEC may exercise any of its administrative functions before 1 January 2023 as required to give effect to this funding mechanism.

Available funding

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

Flexible funding

7. The TEC must establish criteria, based on minimum thresholds for organisational and educational performance, for determining under which circumstances a TEO qualifies for the additional funding described in paragraph 10 (a "qualifying TEO").
8. However, a TEO is not a qualifying TEO unless it is funded by the TEC to deliver 20 or more equivalent full-time students (EFTS).
9. The TEC must allocate additional funding, over and above that approved through investment plans, to qualifying TEOs in the following circumstances:
 - a. if the TEO is a:
 - i. a tertiary education institution (TEI), namely
 - a. a university;
 - b. Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga)¹;
 - c. a wānanga;
 - ii. or a private training establishment; and
 - b. the value of provision actually delivered by the TEO, as measured in dollars, is greater than the value of its approved funding allocation.
10. If a qualifying TEO meets the criteria specified in paragraph 9, the TEC must pay the TEO up to the following limits, either:
 - a. 2% of the qualifying TEO's approved funding allocation; or
 - b. 10 EFTS,whichever is greater.

¹ Te Pūkenga also refers to any Te Pūkenga subsidiary.

11. The TEC may establish criteria to allocate funding above the additional funding limits specified in paragraph 10, provided the TEC has assessed whether the funding available is sufficient for the TEC to provide funding above these limits.

TEC administrative responsibility in the case of under-funding

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

Funding formula and rate(s)

13. The TEC allocates funding under this funding mechanism for the relevant programmes and activities at levels 7 (degree) and above on the NZQCF that are specified in a TEO's proposed investment plan.
14. For the purposes of calculating the value of a TEO's approved funding under this mechanism, the TEC must use a metric comprising:
 - a. the number of valid domestic student enrolments, measured in EFTS; and
 - b. the qualifications, and their component courses or credentials, in which learners are enrolled, and the assigned course classifications, funding categories, and funding rates of those qualifications and component courses or credentials.

Valid domestic enrolments

15. For the purpose of this funding mechanism, the term "valid domestic enrolment" refers to the enrolment of a learner who is:
 - a. a domestic student as defined in section 10(1) of the Act; or
 - b. an Australian citizen or Australian permanent resident currently residing in New Zealand; and
 - c. either:
 - i. aged 16 years and over; or
 - ii. aged under 16 years and meets the criteria determined by the TEC; and
 - d. studying in New Zealand, unless the learner meets the criteria in paragraph 18; and
 - e. has paid or committed to pay their fees (if fees apply).
16. The TEC must establish criteria for determining under which circumstances a learner can be considered to be a valid domestic enrolment, where the learner:
 - a. is aged under 16 years; or

- b. has not paid their fees (if fees apply).
17. The TEC must establish the requirements that TEOs must comply with to verify each learner's identity, and confirm that a learner is a valid domestic enrolment.

Eligibility for learners studying outside of New Zealand

18. A learner studying outside of New Zealand is a valid domestic enrolment only if:
- a. the learner is:
 - i. a domestic student as defined by section 10(1) of the Act;
 - ii. enrolled in a course(s) leading to the award of a recognised qualification or credential offered by a New Zealand TEO; and
 - b. if they are studying at an overseas campus or delivery site (irrespective of whether they are enrolled at the TEO's New Zealand campus or overseas campus), the learner meets the following criteria:
 - i. enrolled at a New Zealand TEO in a programme leading to the award of a qualification or credential at level 7 (degree) or above on the NZQCF;
 - ii. the study outside New Zealand is full-time and face-to-face (i.e. not an extramural enrolment) in an approved country identified on the Education New Zealand website; and
 - iii. is undertaking part (but not all) of the programme outside New Zealand.

Inducements

19. Even if a learner meets the criteria specified in paragraph 15, the enrolment is not a valid domestic enrolment for the purposes of this funding mechanism if it has been secured by way of an inducement.
20. An inducement may include a financial incentive or ongoing personal possession of physical items where they induce a learner to enrol.
21. The TEC must establish criteria for determining what constitutes an inducement.

The metric

Measurement of enrolments

22. The TEC must measure valid domestic enrolments in units of EFTS. One (1.0) EFTS unit is defined as the student workload that would normally be carried out by a student enrolled full-time in a single academic or calendar year.
23. The TEC will determine the EFTS value of each qualification (or credential) and the course EFTS factor of its components based on published criteria. These criteria should reflect the principle that the TEC, in setting EFTS values, will take into account both the inputs and the outputs of the learning process.

24. The TEC must validate the TEO's assignment of EFTS value of each qualification (or credential) and the course EFTS factor of its components.

Delivery classification

25. A TEO must assign each of its courses to a classification listed in Table 1, "Delivery Classification", of Appendix 1. The content of the course (rather than its name) must determine the assignment.
26. The TEC must validate each TEO's assignment of its courses to the appropriate course delivery classification.

Funding categories

27. The TEC must assign each delivery classification to a funding category in accordance with Tables 2 and 3 of Appendix 1. Each category must have:
 - a. an alphabetic code, which applies to groups of courses according to their delivery classifications, in accordance with Table 2 "Funding categories: alphabetic code" of Appendix 1; and
 - b. a numeric code that reflects the level of study, in accordance with Table 3 "Funding categories: numeric code" of Appendix 1.
28. The TEO must select the correct funding category for each of its courses using the Funding Categories listed in Tables 2 and 3 of Appendix 1.
29. The TEC must validate the TEO's assignment of delivery classification to a funding category in accordance with Tables 2 and 3 of Appendix 1.

Funding rates

30. The TEC must apply the per-EFTS funding rates for TEOs, as set out in Table 4, "Funding rates" of Appendix 1.

TEO eligibility

31. The TEC may only fund a TEO under this funding mechanism if the TEO is one of the following:
 - a. a TEI, as defined in paragraph 9; or
 - b. a PTE.

TEO quality assurance

32. To be eligible for funding under this funding mechanism, a TEO must be quality assured as follows:
 - a. if the 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, the TEO is quality assured by the NZQA;
or

- c. if the TEO is a university, the TEO is quality assured by the New Zealand Vice-Chancellors' Committee.

Eligibility of learners

33. The TEC must ensure that the funding paid to a TEO under this funding mechanism is only used for programmes of study or training for valid domestic student enrolments, as defined in paragraphs 15 to 18.

Eligible programmes, qualifications, and/or credentials

General matters

34. The TEC must ensure that the funding paid to a TEO under this funding mechanism, is only used for a course that:
 - a. is part of a programme that:
 - i. leads to the award of a qualification at level 7 (degree) to 10 on the NZQCF; and
 - ii. has been quality assured by either NZQA or the New Zealand Vice-Chancellors' Committee (where appropriate); or
 - b. is part of a micro-credential that has been quality assured; or
 - c. a certificate of proficiency at level 5 or above on the NZQCF.
35. The TEC must publish criteria for determining whether a micro-credential has been quality assured by either NZQA or the New Zealand Vice-Chancellors' Committee.
36. The TEC may restrict the availability of micro-credentials, including certificates of proficiency, by developing criteria limiting the eligibility of related courses or programmes for funding under this mechanism at level 7 (degree) and above on the NZQCF.

Specific matters

Health-related professional qualifications or credentials

37. The TEC may allow funding paid to a TEO under this funding mechanism to be used for a programme leading to the award of a post-entry health-related professional qualification or credential that:
 - a. is of an academic or research nature; and
 - b. has a clinical component of 30% or less within the total qualification or credential.

38. The TEC must ensure that funding paid to a TEO under this funding mechanism is not used for courses that are part of a programme leading to the award of a post-entry health-related professional qualification or credential that has:
- a. a clinical component of more than 30% within the total qualification or credential; and
 - b. either:
 - i. a requirement for clinical education and training; or
 - ii. an emphasis on specialist clinical professional skills.

Health and safety and regulatory compliance learning

39. The TEC must ensure that funding paid to a TEO under this funding mechanism is not used for a programme of study or training, micro-credential, or other credential where the TEC considers on reasonable grounds that a majority of the programme of study or training, the micro-credential, or other credential relates to health and safety or regulatory compliance learning.

Cap on high-cost provision

40. The TEC must ensure that funding paid under this funding mechanism is not used for specified high-cost provision across all sub-sectors above the following EFTS caps:
- a. aviation (qualifications that includes an in-flight training component): 450 EFTS;²
 - b. dentistry (intermediate) year 1 intake: 60 EFTS;
 - c. medical undergraduate year 1 intake: 539 EFTS;
 - d. veterinary science year 1 intake: 125 EFTS.
41. The TEC must ensure that 10 EFTS of the dentistry (intermediate) year 1 intake are used for learners of rural origin, as defined by the TEC.
42. The TEC must ensure that funding paid to a TEO under this funding mechanism does not exceed a maximum EFTS value of 4 EFTS for doctoral study.

PART TWO: FUNDING CONDITIONS

43. The TEC must impose the following specific conditions on funding provided to each TEO under this funding mechanism.

² This 450 EFTS cap includes any delivery on the NZQCF at level 3 and above in aviation.

Tertiary education organisations

44. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must meet, and for the length of the funding period continue to meet, all of the eligibility criteria specified in paragraphs 31 and 32 of this funding mechanism.
45. 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.

Learners and enrolments

46. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each eligible learner meets and continues to meet the criteria specified in paragraph 33 of this funding mechanism.
47. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must not:
 - a. restrict enrolment in programmes and micro-credentials funded under this funding mechanism on the basis of private advantage (for example, enrolment being restricted to the TEO's employees only); or
 - b. secure or seek to secure a valid domestic enrolment through offering of an inducement, as specified in paragraphs 19 to 21.
48. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must verify a learner's identity, and confirm and obtain evidence that a learner is a valid domestic enrolment in accordance with the requirements developed by the TEC.

Reporting withdrawals to Ministry of Social Development

49. The TEC must attach to funding a condition that a TEO that receives funding under this mechanism must report the withdrawal of learners to the Ministry of Social Development within five working days of each withdrawal. This is to enable student loans and student allowances to be cancelled as soon as possible.

Refunding fees for Withdrawals

50. The TEC must attach to funding a condition that, if fees are to be refunded to a learner on the basis that the learner withdrew on or before the withdrawal date, the TEO must, as soon as reasonably practicable, pay the refund:
 - a. to the Ministry of Social Development, if the learner paid the fees using the Student Loan Scheme; or
 - b. directly to the learner.

Programmes, qualifications and micro-credentials

51. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a course in which an eligible learner is enrolled meets and continues to meet the criteria specified in paragraph 34 of this funding mechanism.
52. The TEC must attach to funding a condition that a TEO must not use funding paid under this funding mechanism to fund a programme of study or training, or a micro-credential, or other credential, where a majority of the programme of study or training or credential relates to health and safety or regulatory compliance.
53. The TEC may attach to funding a condition that a TEO must comply with any restriction set by the TEC on the availability of micro-credentials, including certificates of proficiency.

High-cost provision

54. If the TEC allocates funding to a TEO for high-cost provision, the TEC must attach the following condition or conditions to funding:

All high-cost provision

55. A TEO must not use funding provided under this funding mechanism to fund high-cost provision, as specified in paragraph 40, above the volume of EFTS for that provision at the TEO that the TEC has agreed to fund.

Aviation

56. A TEO that is allocated EFTS for aviation provision that includes an in-flight training component (pilot training) must supply the Ministry of Social Development with the correct learner enrolment information, through the Verification of Study system, that ensures that:
 - a. annual student loan fee borrowing for any pilot training learner does not exceed:
 - i. if the learner is not eligible for Fees Free Tertiary Education, \$35,000 per EFTS, as set out in paragraphs 62 and 63 and in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education that is issued under section 409(1)(j) of the Act; or

- ii. if the learner is eligible for Fees Free Tertiary Education, \$35,000 per EFTS, less the amount payable to a TEO by the TEC on behalf of the learner for fees in accordance with criteria set out in paragraphs 62 and 63 and in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education that is issued under section 409(1)(j) of the Act; and
- b. where a pilot training learner is studying part-time, annual student loan fee borrowing does not exceed the proportion of \$35,000 that is represented by the proportion of an EFTS course load that is being undertaken by the learner, less any fees payment made by the TEC on behalf of the learner (as set out in paragraphs 62 and 63 and in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education). For example, if a learner is studying 0.4 EFTS units in the year, the student loan borrowing limit will be \$14,000. For those eligible for the Fees Free Tertiary Education payment, the student loan borrowing limit for 0.4 EFTS units in the year would be \$14,000, less the amount payable to a TEO by TEC on behalf of the learner for fees.

Dentistry (intermediate) year 1 intake

57. A TEO that is allocated EFTS for the dentistry (intermediate) year 1 intake for learners of rural origin must only use the funding in respect of learners who are of rural origin.

Fees and associated course costs

58. 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 course, qualification or credential³; and
 - b. in relation to the provision of essential equipment, including computers, diving hardware, and chainsaws, must not:
 - i. include the costs in any fees, compulsory course costs, or student services fees, charged to learners; or
 - ii. require the costs to be met through the “course-related costs” component of the Student Loan Scheme, as a condition of enrolment for learners; and
 - c. must not meet the costs of overseas travel for learners through the use of funding obtained under this funding mechanism or via the Student Loan Scheme, unless the overseas travel is academically essential.
59. For the purposes of paragraph 58(c) above, the TEC must develop guidelines determining when overseas travel is academically essential.

³ The phrase “equipment, infrastructure and hardware” refers to those items that can be used by successive intakes of learners. It does not include personal items which are provided for individual learner use and which the TEO does not retain for the next intake of learners.

60. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must comply with the Fee Regulation Settings, as specified in Part Three of this funding mechanism.
61. Any limits on fees for further years will be determined by way of a variation to the funding mechanism.

Fees Free Tertiary Education

62. The TEC must attach to funding a condition that a TEO must not charge an eligible learner an amount in respect of fees (as defined by any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education and issued under section 409(1)(j) of the Act) otherwise payable by the learner if the TEC has advised the TEO that the TEC will:
 - a. if the TEO is not a PTE, pay that amount to the TEO in respect of fees on behalf of the learner; or
 - b. if the TEO is a PTE, compensate the PTE for that amount in respect of fees forgone as a result of the condition required to be imposed under this paragraph.
63. For the purposes of the condition that the TEC must impose under paragraph 62, the TEC must determine each amount payable to a TEO by the TEC in accordance with criteria set out in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education and issued under section 409(1)(j) of the Act.
64. The TEC must attach to the funding a condition that each TEO must work collaboratively with the TEC to give effect to the Fees Free Tertiary Education initiative. In particular, the TEC must require each TEO to provide information, to enable the TEC to understand the EFTS consumption of eligible learners, and in relation to fees.
65. Any fees in excess of the amount payable by the TEC under paragraphs 62 and 63 may be charged by the TEO to the learner.

TEO responsibilities

66. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
 - a. accurately assign each of its courses a course EFTS factor; and
 - b. accurately assign each of its courses to a delivery classification listed in Table 1, "Delivery Classification" of Appendix 1 of this funding mechanism; and
 - c. accurately assign each of its courses a funding category listed in Table 2 and Table 3 of Appendix 1 of this funding mechanism; and
 - d. meet minimum performance standards specified by the TEC.

No other funding

67. 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 micro-credential 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 sub-paragraph (a) of this condition.

Responsible use of funding

68. 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

69. 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.
70. 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.
71. For the purposes of this condition, a TEO will have received funding that was "greater than it should have been" if the total dollar value of the provision funded under this funding mechanism that is delivered by a TEO within a funding year is less than 99% of the total dollar value for the provision paid to the TEO under this funding mechanism.
72. In that situation, the percentage of funding that is repayable is equal to the difference between the bottom of the tolerance band (99%) and the percentage value of the provision that was delivered.

Over-delivery

73. The TEC must attach to funding a condition that a TEO cannot deliver provision above 105% of their approved allocation, without prior written approval from the TEC.

Repayment of funding following revocation of funding approval

74. The TEC must attach to funding a condition that if, in accordance with clause 16, Schedule 18 of the Act, the TEC suspends or revokes 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 is:
 - a. 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.

Disclosure of data from Statistics New Zealand's Integrated Data Infrastructure

75. The TEC must attach to funding a condition that a TEO consents, for the purposes of section 37A(a) of the Statistics Act 1975, to Statistics New Zealand disclosing information to the Ministry of Education and the TEC from its Integrated Data Infrastructure that identifies, or may identify, the TEO.
76. The TEC must inform TEOs that the Statistics Act 1975 does not constrain the ongoing use or sharing of the TEO-level data once it is disclosed.

Benchmarking

77. The TEC must attach to funding a condition that a TEI must participate as appropriate in benchmarking, including:
 - a. providing the vendor with financial and performance information as requested, in a timely manner; and
 - b. engaging with the vendor over follow-up questions and related quality assurance processes, in a timely manner; and
 - c. contributing to the cost of the agreement between the TEC and the vendor, at a rate determined by the TEC.

PART THREE: FEE REGULATION SETTINGS

78. The conditions in Part Three of the funding mechanism apply to fees charged by TEOs for the relevant programmes, credentials, activities and/or component parts that are funded under this funding mechanism. These conditions also apply to student services fees charged to domestic students that are funded under this funding mechanism, where specified.
79. The fees charged by a TEO are subject to these conditions if the TEO is the sole source of the item to which the fee relates.

Definitions

80. In Part Three of this funding mechanism, unless the context otherwise requires:
- a. **Course** means part of a programme of study that leads to the award of a qualification on the NZQCF, including a certificate, diploma, degree, or postgraduate qualification. For the avoidance of doubt, this includes a course that is part of a qualification where the student is not enrolled in the qualification (for example, where a student is only enrolled in the course or where the student is undertaking the course as part of a micro-credential); and
 - b. **Micro-credential** means study or training that leads to an award but does not, of itself, lead to an award of a qualification listed on the NZQCF; and
 - c. **Fees** means:
 - i. tuition fees; and
 - ii. compulsory course costs that are charged to all students enrolled in a course, which includes (but are not limited to) the following: any compulsory costs associated with enrolment, examinations (including reporting of credits to the New Zealand Qualifications Authority), field trips, and any compulsory purchase of equipment or books through the TEO; and
 - iii. excludes any administrative fees or charges (other than tuition fees or compulsory course costs) for additional services that are payable as a result of the specific circumstances of a student, which includes (but are not limited to) the following: reassessment or remarking of examination results, examination relocation fees, fees associated with recognition of prior learning, or fees associated with an application for selected entry programmes; and
 - iv. excludes student services fees; and
 - d. **Student services fees** are fees that TEOs may charge to domestic students to fund student services. These were previously known as compulsory student services fees (CSSFs); and
 - e. **TEO** means tertiary education organisation as defined in section 10 of the Act.

The Annual Maximum Fee Movement

81. The Annual Maximum Fee Movement (AMFM) sets the maximum percentage that TEOs may increase their domestic tuition fees by each year for all courses that are funded under this funding mechanism.
82. The AMFM for 2023 is set at 2.75 percent. This permits a 2.75 percent increase on the fees (GST exclusive) charged in 2022 to domestic students for all courses that are funded under this funding mechanism.
83. The AMFM applies to any new courses established by a TEO in substitution for an existing course dealing with the same or similar subject matter, at a same or similar level on the NZQCF, for which funding provided under this funding mechanism can be used, except where the provisions in paragraph 84 below apply.
84. For courses delivered by a subsidiary of Te Pūkenga that are part of Te Pūkenga's process to unify similar programmes, and where Te Pūkenga delivers this course across its network, the fees for these courses are not subject to the AMFM limits, but the fee setting limits for new courses outlined below in paragraphs 89 to 94.

Exceptions to the Annual Maximum Fee Movement

85. A TEO may apply for an exception from the 2023 AMFM on the basis of exceptional circumstances. Any exception granted will not exceed an additional 2.75 percent increase over and above the permitted 2.75 percent increase.
86. In considering exceptional circumstances, the TEC must only have regard to the following criteria:
 - a. the TEO is unable to support the course(s) while remaining financially viable; and
 - b. where the course is part of a qualification at levels 7 (degree) and above on the NZQCF that has been delivered previously, the qualification has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF group in the previous year; and
 - c. the TEO can demonstrate that the course is in some way unique or special, for example, that there are no available local alternatives; and
 - d. not allowing an exception will prevent the TEO from making a significant contribution to the achievement of one or more of the Government's priorities, as set out in the current Tertiary Education Strategy.
87. An application must satisfy all criteria to gain an exception.

Low or Zero Fee Courses

88. If the fees for a course funded under this funding mechanism are less than \$511.11 (GST inclusive) (\$444.44 (GST exclusive)) per equivalent full-time student (EFTS) in 2022, then for 2023, the TEO may increase the fee to up to \$511.11 (GST inclusive) (\$444.44 (GST exclusive)) per EFTS, or can increase the fee for the course by 2.75 percent, whichever is the greater.

Fee Setting Limits for New Courses

89. The fees for a new course established by a TEO and funded under this funding mechanism must be no more than the 75th percentile from the range of fees charged for similar courses. The TEC will specify how similar courses will be determined.
90. The above fee setting limits apply to any new courses funded under this funding mechanism, except where the course is in substitution for an existing course dealing with the same or similar subject matter, at a same or similar level on the NZQCF. Substitute courses are subject to the AMFM.

Exceptions to Fee Setting Limits for New Courses

91. A TEO may apply for an exception from the fee setting limits for new courses on the basis of exceptional circumstances.
92. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:
 - a. the course would be financially unviable without a higher fee; and
 - b. where the course is part of a qualification at levels 7 (degree) and above on the NZQCF that has been delivered previously, the qualification has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF group in the previous year; and
 - c. the TEO can demonstrate that the course is in some way unique or special, for example, there are no or very few similar courses to compare fees with; and
 - d. the course is aligned to Government priorities as set out in the Tertiary Education Strategy.
93. The TEC must only grant an exception if it is satisfied that the TEO meets all of the above criteria.
94. The TEC will have discretion to determine the level at which a TEO can set fees for any new courses granted an exception.

Fee Capping Limits for Micro-credentials

95. The fees for a micro-credential must be no more than \$60 (GST inclusive) per credit (excluding components made up of courses that also lead to the award of a qualification and are funded through this funding mechanism).
96. Where a micro-credential is wholly or partly comprised of courses that also lead to the award of a qualification and are funded through this funding mechanism, the fees for those courses must be equal to, or less than, the maximum fee permitted for the course under the AMFM and fee setting limits for new courses. The fees for the components that are not part of existing courses must be no more than \$60 (GST inclusive) per credit.

Exceptions to Fee Capping Limits for Micro-credentials

97. A TEO may apply for an exception from the fee capping limits for a micro-credential (or components of a micro-credential that are not made up of existing courses) on the basis of exceptional circumstances.
98. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:
 - a. the TEO can demonstrate that the fee cap makes it financially unsustainable to offer the micro-credential, in terms of the costs of delivering the micro-credential and taking into account the total income that the micro-credential would generate (including government funding and fees), and that there are no satisfactory alternatives to limit costs; and
 - b. the TEO must provide evidence that there is strong support from industry and/or employers to deliver the micro-credential and that this clearly meets industry and/or employer needs.
99. The TEC must only grant an exception if it is satisfied that the TEO meets both of the above criteria.
100. The TEC will have discretion to determine the level at which a TEO can set fees for any micro-credential granted an exception

Student services fees

101. All TEOs that charge student services fees to domestic students who are funded through this funding mechanism must comply with the requirements set out paragraphs 103 to 108.
102. The objective of the requirements on TEOs that charge fees for the provision of student services is to ensure:
 - a. accountability in the use of fees for student services to students; and
 - b. involvement of students in decisions in the charging and use of fees for student services; and
 - c. fair arrangements for students in different tertiary education settings (for example, work-based students or students in fees-free foundation education programmes).

Requirements when setting student services fees

103. **Decision-making:** TEOs must establish and demonstrate adequate arrangements for decisions to be made jointly or in consultation with the students enrolled at the TEO, or their representatives, on the following matters:
 - a. The maximum amount that students will be charged for student services; and
 - b. the types of services to be delivered (within the permitted categories set out below); and

- c. the procurement of these services; and
 - d. the method for authorising expenditure on these services.
104. **Accounting for the use of student services fees:** TEOs must either hold all student services fees in a separate bank account or ensure that all income and expenditure associated with the provision of such services is separately accounted for in the TEO's accounting system.
105. **Reporting on student services fees:** Institutions must provide information on all student services fees through their annual report, and registered Private Training Establishments (PTEs) must provide information on all student services fees through a written report to students. Institutions and registered PTEs must include the following information in their annual report or written report to students:
- a. a description of the services funded out of the student services fee; and
 - b. a statement of the fee income and expenditure for each type of student service; and
 - c. the student services fee amount charged per EFTS or academic year (or however it is calculated); and
 - d. a statement describing how the provider is complying with the accounting requirements specified above in paragraph 104.
106. **Private training establishment's written reports to students:** Registered PTEs charging a student service fee must provide to the Tertiary Education Commission a copy of the report that is provided to students. A copy of the report must be sent to:

Requirements for Student Services Fees Submissions
Monitoring and Crown Ownership
The Tertiary Education Commission
PO Box 27048
Wellington 6141
Email: ssf@tec.govt.nz

107. **Publishing information online:** TEOs charging student services fees must, as soon as reasonably practicable each year, publish the following information on their website:
- a. basic student services fee information for the year, including the amount charged per EFTS (or however it is calculated) and a description of the student services the fee supports; and
 - b. a description of the current year's student services fee decision-making process – including a description of how the current fees and services offered were determined, how consultation with students occurred, and what the decisions were; and
 - c. a description of how students can be involved in student services fee decisions for the following year – i.e. how TEOs propose to consult with their students and what issues might be considered.

108. **Categories of student services:** TEOs may charge student services fees to support the delivery of the following categories of services:
- a. *Advocacy and legal advice* – Advocating on behalf of individual students and groups of students, and providing independent support to resolve problems. This includes advocacy and legal advice relating to accommodation.
 - b. *Careers information, advice and guidance* – Supporting students' transition into post-study employment.
 - c. *Counselling services* – Providing non-academic counselling and pastoral care, such as chaplains.
 - d. *Employment information* – Providing information about employment opportunities for students while they are studying.
 - e. *Financial support and advice* – Providing hardship assistance and advice to students on financial issues.
 - f. *Health services* – Providing health care and related welfare services.
 - g. *Media* – Supporting the production and dissemination of information by students to students, including newspapers, radio, television and internet-based media.
 - h. *Childcare services* – Providing affordable childcare services while parents are studying.
 - i. *Clubs and societies* – Supporting student clubs and societies, including through the provision of administrative support and facilities for clubs and societies.
 - j. *Sports, recreation and cultural activities* – Providing sports, recreation and cultural activities for students.

APPENDIX 1: CALCULATION OF FUNDING

Table 1: Delivery Classification

#01	Agriculture; Horticulture
#02	Architecture; Quantity Surveying
#03	Arts; Advanced Studies for Teachers; Health Therapies; Humanities; Languages; Social Sciences
#03.1	Osteopathy; Acupuncture
#04	Business; Accountancy; Office Systems/Secretarial; Management
#05.2	General Education
#06	Computer Science
#07	Dentistry
#11	Engineering; Technology
#11.1	Priority Engineering
#11.2	Pilot Training
#12	Fine Arts; Design
#13	Health Sciences (excluding classifications #07, #15, and #17)
#13.1	Optometry
#14	Law
#15	Medicine (excluding intermediate/first year)
#16	Music and Performing Arts
#17	Health Related Professions
#17.3	Dental Therapy
#18	Science
#19.1	Teaching: Early Childhood Education
#19.2	Teaching: Primary
#20	Teaching: Secondary
#23	Veterinary Science
#23.3	Veterinary Science Undergraduate (Years 3, 4 & 5)
#24	Nursing
#25	Medical Imaging
#27	Midwifery (3 year)
#28	Occupational Therapy
#29	Physiotherapy
#30	Medical Radiation Therapy
#31	Pharmacy Professionals
#32	Speech Language Therapy
#33	Medical Laboratory Science
#34	Clinical Psychology
#35	Audiology
#36	Dietetics
#37	Medicine Undergraduate (Years 4, 5 & 6)
#38	Foreign-Going Nautical
#39	Specialist Large Animal Science
#40	Te reo Māori
#41	Tikanga Māori

Table 2: Funding categories: alphabetic code

Category (alphabetic)	Relevant discipline and course classification
A	Arts [#03], Social Sciences [#03], General Education [#5.2], Te reo Māori [#40], Tikanga Māori [#41]
B	Architecture (non-degree) [#02], Computer Science [#06], Fine Arts [#12], Design [#12], Music and Performing Arts [#16], Health Related Professions [#17], Medical Imaging [#25], Occupational Therapy [#28]
C	Architecture (degree) [#02], Engineering [#11], Technology [#11], Health Sciences [#13], Midwifery (3 year) [#27], Physiotherapy [#29], Speech Language Therapy [#32], Medical Laboratory Science [#33], Audiology [#35]
G	Dentistry (postgraduate only) [#7], Medicine (postgraduate only) [#15]
H	Agriculture (degree) [#01], Horticulture (degree) [#01] Specialist Large Animal Science [#39]
I	Teaching [#19.1, #19.2, #20]
J	Business [#04], Accountancy [#04], Law [#14],
L	Agriculture (non degree) [#01], Horticulture (non degree) [#01], Osteopathy [#03.1], Acupuncture [#03.1], Nursing [#24],
M	Pilot Training [#11.2], Optometry [#13.1], Dental Therapy [#17.3], Pharmacy [#31]
N	Priority Engineering [#11.1], Dietetics [#36]
O	Medical Radiation Therapy [#30]
Q	Veterinary Science [#23], Veterinary Science (years 3–5) [#23.3]
R	Dentistry undergraduate (years 2-5) [#07]
S	Foreign-Going Nautical [#38]
T	Medicine undergraduate (years 2-3) [#15]
U	Medicine undergraduate (years 4–6) [#37]
V	Science [#18], Clinical Psychology [#34]

Table 3: Funding categories: numeric code

Category (numeric)	Classification by level and content of study
1	Courses designed for non-degree qualifications or credentials with no research requirement, including certificates and diplomas
2	Courses designed for undergraduate degree qualifications or credentials, including bachelors degrees, graduate certificates and diplomas
3	Courses designed for taught postgraduate qualifications or credentials, including postgraduate certificates and diplomas, bachelors degrees with honours, and taught masters papers
4	Research-based postgraduate qualifications, including masters' theses/dissertations of 1.0 EFTS or more for masters and doctoral study

Table 4: Funding rates

	1	2	3	4
A	\$6,770	\$6,770	\$8,545	\$9,037
B	\$10,357	\$10,357	\$13,166	\$14,155
C	\$12,451	\$12,451	\$15,826	\$17,031
G			\$28,865	\$28,865
H		\$22,452	\$28,316	\$29,709
I	\$10,763	\$10,763	\$13,497	\$13,989
J	\$6,770	\$6,770	\$8,545	\$9,037
L	\$11,636	\$11,636	\$14,672	\$15,659
M	\$14,820	\$16,887	\$21,203	\$22,580
N	\$13,814	\$13,814	\$17,378	\$18,704
O		\$20,041		
P	\$11,186			
Q		\$33,410	\$33,410	\$33,410
R		\$57,046		
S	\$20,602			
T		\$47,038		
U		\$47,038		
V	\$12,108	\$14,798	\$18,654	\$19,910