

# 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: Equity Funding**

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 Equity Funding.

The new determination is set out in the appendix to this letter. The determination covers the funding of equity top-ups on provision from 1 January 2023.

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

Yours sincerely,

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

**Chris Hipkins**  
Minister of Education

# DETERMINATION OF DESIGN OF FUNDING MECHANISM: EQUITY FUNDING

## PRELIMINARY PROVISIONS

### *Statutory authority*

1. This determination, which is made under section 419 of the Education and Training Act 2020 (the Act), specifies the design of the funding mechanism for equity funding (funding mechanism).

### *Purpose*

2. The purpose of equity funding for Māori and Pacific learners is to improve participation in and achievement at the higher levels of the tertiary education system (level 7 (degree) and above on the New Zealand Qualifications and Credentials Framework (NZQCF)).
3. The purpose of equity funding for disabled learners is to improve participation in tertiary education and achievement of qualifications.

### *On-plan funding*

4. The Tertiary Education Commission (TEC) must pay equity funding under section 425 of the Act.

## PART ONE: THE FUNDING MECHANISM

### **General parameters**

#### *Effective period dates*

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

#### *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.

#### *TEO eligibility*

##### *Māori and Pacific learners*

8. The TEC may only provide equity funding in respect of Māori and Pacific learners to a tertiary education organisation (TEO) that receives funding under the *Determination of Design of Funding Mechanism: Delivery on the NZQCF at levels 7 (degree) and above*.

*Disabled learners*

9. The TEC may only provide equity funding in respect of disabled learners to a tertiary education institution (TEI) that receives funding under the *Determination of Design of Funding Mechanism: Delivery on the NZQCF at levels 7 (degree)* and *Determination of Design of Funding Mechanism: Delivery on the NZQCF at levels 1 and 2*.

**Funding formula and rates**

*Māori and Pacific learners*

10. The TEC must allocate equity funding for Māori and Pacific learners according to the number of Māori and Pacific equivalent full-time students (EFTS) at each eligible TEO.
11. The equity funding rates per NZQCF level in respect of Māori and Pacific learners are set out below. All amounts are GST exclusive.

<b>NZQF Level</b>	<b>Rate per EFTS</b>
Level 7 (degree)	\$338.00
Level 8 and above	\$470.00

*Disabled learners*

12. The TEC must allocate equity funding in respect of disabled learners to a TEI at a set rate of \$30.22 (GST exclusive) per funded EFTS at each TEI.

**Performance measurement**

13. The TEC must set:
- a. performance expectation measures for TEOs in relation to participation and achievement for Māori and Pacific learners; and
  - b. reporting requirements for TEIs in relation to equity funding in respect of disabled learners.

## **PART TWO: FUNDING CONDITIONS**

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

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

#### ***Responsible use of funding***

15. The TEC must attach to funding a condition that a TEO that receives equity funding under this funding mechanism must use the funding:
  - a. lawfully, responsibly, and for the purposes for which the funding is provided; and
  - b. in a manner consistent with the appropriate use of public funds.

#### ***Recovery of over-funding***

16. The TEC must attach to funding a condition that if a TEO receives equity 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.
17. 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***

18. 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.

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

19. If a 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 under-funding as a credit and pay the amount of under-funding as soon as reasonably practicable.