

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: Māori and Pasifika Trades Training

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 Māori and Pasifika Trades Training.

The new determination is set out in the appendix to this letter. The determination covers the funding of Māori and Pasifika Trades Training 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 Tertiary Education Commission's (TEC) 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: MĀORI AND PASIFIKA TRADES TRAINING

PRELIMINARY PROVISIONS

Statutory Authority

1. This determination is made under section 419 of the Education and Training Act 2020 (the Act) and specifies the design of the funding mechanism for Māori and Pasifika Trades Training (MPTT).

Purpose

2. The purpose of this funding mechanism is to support Māori and Pacific learners aged 16 to 40 years of age (inclusive) to enter and achieve in pre-trades training and progress to sustainable trades or trades-related employment, including New Zealand Apprenticeships and other successful vocational programmes at Level 3 and above on the New Zealand Qualifications and Credentials Framework (NZQCF). Progression to further provider-based vocational training at Level 4 or above on the NZQCF that has strong employment outcomes is also a positive outcome.
3. Funding paid under this funding mechanism is for:
 - a. fees top-ups to make provider-based delivery of pre-trades training programmes funded through the funding determination for delivery at levels 3-7 (non-degree) on the NZQCF and all industry training (DQ3-7) fees-free to MPTT learners;
 - b. brokerage services to:
 - i. match learner talents and aspirations with employer skill requirements and career pathways;
 - ii. tailor pre-employment trades educational provision to the needs and aspirations of MPTT learners, communities, and potential employers;
 - iii. facilitate relationships between MPTT learners, providers, and potential employers; and
 - iv. transition learners into sustainable employment; and
 - c. consortium activities to increase access to vocational training for MPTT learners and to improve pre-employment trades training (including robust work preparation and learner support) to align this training more closely to the needs of employers and of Māori and Pacific communities.
4. The Government contribution towards the costs of teaching and learning services is funded through the funding determination for delivery on the NZQCF at levels 1 and 2 (DQ1-2) and/or DQ3-7 (together referred to as DQ funding for the purposes of this mechanism). An organisation delivering trades training under the MPTT initiative must meet the teaching and learning costs through its existing agreed allocations funded as part of its Investment Plan. If an organisation does not receive DQ funding, it must have an agreement with an organisation that has an allocation that is approved by the Tertiary Education Commission (TEC).

Off-plan funding

5. The TEC must pay MPTT funding under section 428 of the Act.

PART ONE: THE FUNDING MECHANISM

General parameters

Effective period dates

6. This funding mechanism covers funded activities delivered from 1 January 2023.
7. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before this date.

Consortium

8. For the purposes of MPTT, a consortium should consist of at least one tertiary education organisation (TEO) funded for work-based learning¹, one TEO funded for provider-based learning² (these may be the same TEO), employer representation, and a Māori and/or Pacific entity.
9. A consortium should undertake governance, project management, co-ordination, and evaluation services. A consortium should also provide for:
 - a. employability skills training, and fees for obtaining licences, such as driver licences, that complement the DQ-funded programmes that learners are likely to need to gain entry-level employment in their chosen trade; and
 - b. additional learner support (activities, equipment, or other support), which contributes to learners' success.
10. Consortia should draw on their knowledge of community and employer needs, including those identified by Workforce Development Councils (WDCs) and Regional Skills Leadership Groups (RSLGs) and the needs of learners entering New Zealand apprenticeships to contribute to the choice, design and delivery of programmes, learner support, and pre-screening of applicants for places in MPTT.
11. The TEC must agree, with each consortium, an aspirational target level of female participation in MPTT that:
 - a. reflects the opportunity for the consortium to increase female participation in trades that offer sustainable employment and in which females have traditionally been under-represented; and
 - b. represents a significant but achievable increase on previous female learner participation in the MPTT consortium, and in similar consortia.
12. The TEC must agree, with each consortium, aspirational targets for the participation of learners who may be less likely to participate or achieve in vocational training without MPTT, such as those with low prior achievement and

¹ Work-based learning as defined as provision in the work-based mode of delivery, as defined in the funding determination for DQ3-7.

² Provider-based learning as defined as provision in the provider-based mode of delivery, as defined in the funding determination for DQ3-7.

recent beneficiaries. The targets should reflect local and regional needs and aspirations, including those identified by WDCs and RSLGs.

Available funding

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

Funding for fees top-ups

14. The TEC must calculate funding for fees top-ups for enrolments in eligible programmes and micro-credentials in equivalent full-time students (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.
15. The TEC must allocate funding for fees top-ups at a rate of \$5,266 per EFTS for programmes and micro-credentials at Level 3 or Level 4 on the NZQCF, and \$0 for programmes and micro-credentials at Level 1 or 2 on the NZQCF.

Funding for Brokerage

16. The TEC must allocate brokerage funding at a rate of \$1,214 per individual learner up to the total number of learners agreed by the TEC, and at the brokerage rate applicable at the time the learner enrolled. Brokerage funding is only allocated once in respect of the same individual learner.
17. The TEC must reserve 50% of brokerage funding for the payment of a performance incentive that is payable on the basis of sufficient evidence of individual learners achieving a successful outcome, in accordance with paragraph 18, from a programme supported by MPTT within 18 months of the learner ceasing to be enrolled in the programme.
18. The outcomes that result in the payment of the performance incentive are:
 - a. entry to a New Zealand Apprenticeship; or
 - b. entry to vocational training at Level 3 or higher on the NZQCF, in a programme identified by the TEC as being likely to lead to sustainable employment.

Funding for consortium activities

19. The TEC must allocate funding for consortium activities such as:
 - a. governance and project management;
 - b. coordinating the contributions of consortium members and other services to the development of learner capabilities;
 - c. employability skills training and licencing (e.g., driver licencing) that complements the DQ-funded programmes; and
 - d. learner support (activities, equipment, or other support that contributes to learners' success) in addition to pastoral support ordinarily offered by the tertiary provider.

20. For the purposes of this funding mechanism, the total amount of funding available for consortium activities is determined by Cabinet or Joint Ministers.
21. The amount allocated to each consortium should reflect learner numbers, the past performance of the consortium, the stage of development of the consortium, and the potential for economies of scale (including economies achieved by consortia working together), and it may reflect the learner group being targeted by the consortium.

Organisation eligibility for fees top-ups or brokerage

22. The TEC may only allocate MPTT funding for fees top-ups or brokerage to:
 - a. a TEO that:
 - i. is part of a consortium approved by the TEC;
 - ii. is a wānanga, Te Pūkenga, a Private Training Establishment (PTE), or a university;
 - iii. is 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 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; and
 - iv. has been allocated DQ funding from the TEC; or
 - b. a consortium, or a member of a consortium, that:
 - i. is approved by the TEC;
 - ii. is a legal entity;
 - iii. is a TEO identified under section 10(1) of the Act; and
 - iv. in the case of fees top-ups funding, has a contract for DQ-funded provision with at least one TEO that meets the criteria of subparagraph (a).
23. For the purposes of this funding mechanism, all eligible recipients of funding are referred to as “organisations”.
24. As the consortium arrangement is intended to provide flexibility in allocating MPTT funding, the TEC may:
 - a. fund an organisation for both fees top-ups and brokerage on a consortium's behalf;

- b. fund multiple organisations within a consortium for both fees top-ups and brokerage;
 - c. fund multiple organisations within a consortium for either fees top-ups or brokerage; or
 - d. subject to paragraph 36, fund a consortium for both fees top-ups and brokerage, allowing the consortium to sub-contract with its own members, or other TEOs, for DQ-funded provision and brokerage.
25. The TEC may only allocate MPTT funding for consortium activities to an organisation that is the lead member of a consortium, provided that the lead member is:
- a. approved by the TEC;
 - b. a legal entity; and
 - c. a TEO that is eligible for MPTT funding for fees top-ups or brokerage.

Eligibility of learners

26. The TEC must ensure that an organisation only receives MPTT funding for fees top-ups and/or brokerage for eligible learners.
27. To be an eligible learner, a learner must be:
- a. one of the following:
 - i. a domestic student, as defined in section 10(1) of the Act; or
 - ii. an Australian citizen or Australian permanent resident currently residing in New Zealand; and
 - b. Māori³ or Pacific^{4,5}; and
 - c. aged 16 to 40 years of age (inclusive) at the start date of the first course in the programme of study or training; and
 - d. enrolled in an eligible programme or micro-credential (set out in paragraph 29).

³ For administrative purposes this refers to those with evidence of Māori ancestry, whakapapa, or persons that made an oath, affirmation or declaration that they are Māori made before a person recognised and authorised to administer such oaths, attestations, or declarations (e.g. a Kaumātua affiliated to a recognised Māori hapū, iwi, or legal entity, a Justice of the Peace, or other persons empowered to administer oaths and declarations under the Oaths and Declarations Act 1957).

⁴ For administrative purposes this includes those who have evidence of ancestry from the independent and sovereign nations of the South Pacific and meet the conditions of paragraph 27(a-d) and for whom priority must be given. This includes The Republic of Fiji, The Kingdom of Tonga, the Independent State of Samoa, the Cook Islands, Solomon Islands, Vanuatu, Tuvalu, Nauru, Niue and Kiribati. It also includes the atolls of Tokelau for which New Zealand is administratively and constitutionally responsible.

⁵ Additionally, on the basis of a request by a consortia, TEC may grant admission to learners descended from persons from French Polynesia, Wallis and Futuna Islands, New Caledonia, Papua New Guinea and American Samoa provided they also meet the conditions of paragraph 27(a-d) and there is spare capacity but only after prior consideration of admission by Māori and Pacific learners as identified in notes 2 and 3.

Eligible programmes and micro-credentials

28. The TEC must ensure that an organisation only receives MPTT funding for fees top-ups for eligible learners enrolled in an eligible programme or micro-credential.
29. For the purposes of this funding mechanism, an eligible programme or micro-credential is DQ-funded training that is:
 - a. either:
 - i. a programme of study leading to the award of a qualification at Levels 1-4 on the NZQCF; or
 - ii. a micro-credential of between 40 and 45 credits at levels 1-4 on the NZQCF; and
 - b. forms a pathway to entry to:
 - i. a New Zealand Apprenticeship; or
 - ii. vocational training at Level 3 or higher on the NZQCF, in a programme identified by the TEC as being likely to lead to sustainable employment.
30. The TEC must ensure that an organisation does not use MPTT fees top-ups funding to fund:
 - a. a New Zealand Apprenticeship or a traineeship; or
 - b. a micro-credential if the TEC considers on reasonable grounds that a majority of the micro-credential relates to health and safety or regulatory compliance learning.

Eligibility for brokerage

31. The TEC must ensure that an organisation only receives MPTT funding for brokerage for eligible learners for whom the organisation provides, or subcontracts brokerage services, in relation to the learner, as indicated by the purposes of brokerage set out in this funding mechanism (see paragraph 3).

PART TWO: FUNDING CONDITIONS

General Conditions

32. The TEC, in funding an organisation eligible for funding under this funding mechanism under section 428 of the Act, may impose any conditions on funding that it considers necessary, including, without limitation, conditions for ensuring that funding will achieve the purpose for which it has been allocated.

Conditions that the TEC must or may attach to funding

33. The TEC must or, in the case of paragraph 44, may impose the following specific conditions on funding provided to each relevant organisation under this funding mechanism.

Eligible organisations

34. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups, brokerage and/or consortium activities under this funding mechanism must meet and continue to meet all the relevant eligibility criteria for organisations under this funding mechanism.
35. The TEC must attach to funding a condition that an organisation that receives funding under this funding mechanism remains as part of the same approved consortium for the length of the funding period, except as agreed by the TEC for the purpose of continuing to support enrolled learners.
36. The TEC must attach to funding a condition that an organisation 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.

Eligible learners

37. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups and/or brokerage under this funding mechanism must ensure that each learner meets and continues to meet the criteria of paragraph 27 of this funding mechanism.

Eligible programmes and micro-credentials

38. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups under this funding mechanism must ensure that a programme of study or training, or micro-credential in which an eligible learner is enrolled meets and continues to meet the criteria of paragraph 29 of this funding mechanism.
39. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups under this funding mechanism must:
 - a. ensure that the funding is not used to fund:
 - i. a New Zealand Apprenticeship or a traineeship; or
 - ii. a micro-credential if the TEC considers on reasonable grounds that a majority of the micro-credential relates to health and safety or regulatory compliance learning;
 - b. comply with the funding conditions for the relevant DQ-funded programme or micro-credential; and

- c. in the case of learners for whom the organisation receives MPTT funding for fees top-ups for DQ-funded programmes at Level 3 or Level 4 on the NZQCF, have in place an effective assessment process for determining the literacy and numeracy needs of eligible learners and provide support to ensure that those learners progress in line with the guidelines provided by TEC.

Eligibility for Brokerage

40. The TEC must attach to funding a condition that an organisation that receives MPTT funding for brokerage under this funding mechanism must provide, or subcontract, brokerage services in relation to eligible learners, as indicated by the purposes of brokerage set out in this funding mechanism (see paragraph 3).

Fees and associated course costs

41. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups under this funding mechanism must not charge a fee to a learner enrolled in an eligible programme or micro-credential that is funded under this funding mechanism.
42. The TEC must attach to funding a condition that an organisation that receives MPTT funding for brokerage under this funding mechanism must not charge a fee to a learner for brokerage services.

Eligible organisation's responsibilities

43. The TEC must attach to funding, a condition that an organisation that receives MPTT funding under this funding mechanism must meet minimum performance standards specified by the TEC.

Consortium lead member's responsibilities

44. The TEC may attach to funding a condition that the lead member of a consortium that receives funding for consortium activities must enter an arrangement, or arrangements, with each other member of the consortium that:
 - a. enables the lead member to meet conditions of funding imposed by the TEC on the lead member;
 - b. imposes on each member of the consortium obligations owed to the lead member that are similar to the lead member's obligations in respect of any funding received under this funding mechanism; and
 - c. imposes on each other member of the consortium obligations to provide information to, and fully cooperate with, the lead member and the TEC, in order to verify the lead member's compliance with conditions of funding imposed by the TEC on the lead member.
45. The TEC must attach to funding, a condition that the lead member must not (without the prior written consent of the TEC), enter or end any arrangement with another organisation, or other member of the consortium that would have the effect of changing the membership of that lead member's consortium.

Funding from other sources

46. The TEC must attach to funding a condition that an organisation that receives funding under this mechanism must:
 - a. not (without the TEC's prior written consent) seek or obtain any funding, from any Crown source other than the TEC, for activities 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.
47. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups or funding for brokerage for an eligible learner under this funding mechanism must not seek or claim fees payments or other fees top-up funding from any other Crown source for the same learner, without the prior approval of TEC in writing.

Responsible use of funding

48. The TEC must attach to funding a condition that an organisation that receives 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 funding

49. 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.
50. 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

51. The TEC must attach to funding a condition that, if the organisation 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 the under-funding as a credit and pay the amount as soon as is reasonably practicable.