

# Hon Penny Simmonds

Minister for the Environment  
Minister for Tertiary Education and Skills  
Associate Minister for Social Development and Employment



Dr Wayne Ngata  
Chair  
Tertiary Education Commission  
PO Box 27-048  
Wellington 6141

Dear Wayne,

## **Determination of Design of Funding Mechanism: Delivery at Levels 7 (degree) to 10 on the New Zealand Qualifications and Credentials Framework**

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 at Levels 7 (degree) and to 10 on the New Zealand Qualifications and Credentials Framework (NZQCF).

The new determination is set out in the appendix to this letter. The determination covers the funding of provision on the NZQCF at Levels 7 (degree) to 10 delivered from 1 January 2025. This includes a rate increase of 2.5 percent to all funding rates.

Under section 422 of the Act, it is the responsibility of the Tertiary Education Commission (TEC) to develop the details needed to implement my determinations of the design of funding mechanisms. Your continued focus on tertiary education organisations' Learner Success initiatives will be important in supporting the success of this fund.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Penny Simmonds'.

**Hon Penny Simmonds**  
Minister for Tertiary Education and Skills

# **DETERMINATION OF DESIGN OF FUNDING MECHANISM: DELIVERY AT LEVELS 7 (DEGREE) TO 10 ON THE NEW ZEALAND QUALIFICATION AND CREDENTIALS FRAMEWORK**

## **PRELIMINARY PROVISIONS**

### ***Statutory authority***

1. This determination of the design of a funding mechanism is made under section 419 of the Education and Training Act 2020 (the Act) and specifies the design of the funding mechanism for delivery at Levels 7 (degree) to 10 on the New Zealand Qualifications and Credentials Framework (NZQCF) (DQ7-10).

### ***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 2025.
5. The TEC may exercise any of its administrative functions before 1 January 2025 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. tertiary education institution (TEI), namely
      - a. a university;
      - b. Te Pūkenga–New Zealand Institute of Skills and Technology (including as the case requires, its subsidiaries that provide education or training or both) (Te Pūkenga);
      - c. a wānanga; or
    - ii. a private training establishment registered by NZQA (registered PTE); 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.
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 rates***

13. The TEC allocates funding under this funding mechanism for the relevant programmes, micro-credentials and activities 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 programmes or micro-credentials, and their component courses, in which learners are enrolled, and the assigned delivery classifications,

funding categories, and funding rates of those programmes or micro-credentials and their component courses.

*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 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 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 the learner meets the above criteria in paragraph 15(a), (c) and (e) and:
  - a. if the learner is 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. is undertaking part (but not all) of the programme outside New Zealand; and
    - ii. is enrolled at a New Zealand TEO in a programme leading to the award of a qualification or micro-credential at Level 7 (degree) to 10 on the NZQCF; and
    - iii. the study outside New Zealand is full-time and face-to-face (i.e. is not an extramural enrolment); and

- iv. the offshore campus is an approved offshore delivery site<sup>1</sup>; and
- v. is in an approved country identified on the Education New Zealand website.

#### *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 120 credits of full-time study over a single academic or calendar year.
23. A TEO will determine the EFTS value of each of its programmes or micro-credentials and the course EFTS factor of its components in accordance with criteria published by the TEC.
24. The TEC must validate the TEO's assignment of EFTS value of each programme or micro-credential and the course EFTS factor of its components.

##### Delivery classification

25. The TEC must establish a process by which a TEO assigns to each course that it delivers as part of an eligible programme or micro-credential:
  - a. the appropriate delivery classification, in accordance with Table 1 ('Delivery Classification') of Appendix 1; and
  - b. the appropriate funding category, including an alphabetic code in accordance with Table 2 ('Funding categories: alphabetic code') and a numeric code in accordance with Table 3 ('Funding categories: numeric code').
26. The delivery content of the course (rather than its title) must determine the assignment.
27. The TEC must validate each TEO's assignment of its courses to the appropriate delivery classification and funding category.
28. The TEC must apply the appropriate per-EFTS funding rates for TEOs, as set out in Table 4 ('Funding rates') of Appendix 1.

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<sup>1</sup> Under the Offshore Programme Delivery Rules 2022, or any other rules published on the same basis.

### ***TEO eligibility***

29. 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 registered PTE.

### ***Eligibility of learners***

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

### ***Eligible programmes and micro-credentials***

#### *General matters*

31. 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 or micro-credential that leads to an award at Levels 7 (degree) to 10 on the NZQCF; or
  - b. is part of a certificate of proficiency at Level 5 or above on the NZQCF.
32. The TEC may restrict the funding of micro-credentials, including certificates of proficiency, by developing criteria for their eligibility for funding under this mechanism.

#### *Specific matters*

#### Health-related professional programmes or micro-credentials

33. 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 micro-credential that:
- a. is of an academic or research nature; and
  - b. has a clinical component of 30% or less within the total programme or micro-credential.
34. 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 micro-credential that has:
- a. a clinical component of more than 30% within the total programme or micro-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

35. The TEC must ensure that funding paid to a TEO under this funding mechanism is not used for a programme or micro-credential where the TEC considers on reasonable grounds that a majority of the programme or micro-credential relates to health and safety or regulatory compliance learning that would displace the responsibility of employers to provide training necessary to mitigate health and safety risk or meet their regulatory compliance obligations.

#### *Cap on high-cost provision*

36. 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 defined level:
  - a. aviation (programmes that include an in-flight training component): 450 EFTS;<sup>2</sup>
  - b. dentistry (intermediate) year 1 intake: 60 EFTS;
  - c. medical undergraduate year 1 intake: 614 EFTS;
  - d. veterinary science year 1 intake: 125 EFTS.
37. 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.
38. The TEC must ensure that funding paid to a TEO under this funding mechanism does not exceed a maximum EFTS value of 4 EFTS per learner for doctoral study at level 10 on the NZQCF.

## **PART TWO: FUNDING CONDITIONS**

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

### ***TEOs***

40. 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 paragraph 29 of this funding mechanism.
41. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:

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<sup>2</sup> This 450 EFTS cap includes provider-based delivery funded through the *Delivery at Levels 3-7 (non-degree) on the New Zealand Qualification and Credential Framework and all industry training* funding mechanism.

- 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***

- 42. 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 30 of this funding mechanism.
- 43. 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.
- 44. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, in accordance with the requirements specified by the TEC, verify the identity of each learner and confirm that each learner is a valid domestic enrolment for the purposes of this funding mechanism.
- 45. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must provide eligible learners, prior to or during the enrolment process, with a privacy statement that meets criteria set by the TEC about the collection and use of their personal information, and that advises learners that their personal information may be disclosed to the TEC, NZQA, the Ministry of Education, the Ministry of Social Development and Inland Revenue, as appropriate.

### ***Reporting withdrawals to Ministry of Social Development***

- 46. 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***

- 47. General refund provisions under section 357 of the Act relating to domestic students enrolled in a registered PTE apply.



48. 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 TEI 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 and micro-credentials***

49. 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 31 of this funding mechanism.
50. The TEC must attach to funding a condition that a TEO must not use funding paid under this funding mechanism to fund a programme or micro-credential where a majority of the programme or micro-credential relates to health and safety or regulatory compliance.
51. The TEC may attach to funding a condition that a TEO must comply with any requirements set by the TEC on the funding of micro-credentials and certificates of proficiency.

#### ***High-cost provision***

52. 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*

53. A TEO must not use funding provided under this funding mechanism to fund high-cost provision, as specified in paragraph 36, above the volume of EFTS for that provision at the TEO that the TEC has agreed to fund.

##### *Aviation*

54. 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 the first-year Fees Free scheme, \$35,000 per EFTS, as set out in paragraphs 61 and 62 and in any delegation to the TEC in force relating to the funding of Fees Free tertiary education and training that is issued under section 409(1)(j) of the Act; or
    - ii. if the learner is eligible for the first year Fees Free scheme, \$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 61 and 62 and in any delegation to the TEC in force relating to the funding of Fees Free tertiary education and training 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 61 and 62 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*

- 55. 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**

- 56. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
  - a. must pay for the essential equipment, infrastructure and hardware required to deliver a particular course, programme or micro-credential<sup>3</sup>; 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.
- 57. For the purposes of paragraph 56(c) above, the TEC must develop guidelines determining when overseas travel is academically essential.
- 58. 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.

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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 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.

59. Any limits on fees for further years will be determined by way of a variation to the funding mechanism.

***Fees Free tertiary education and training***

60. The TEC will work with the sector and other government agencies to support the implementation of the Fees Free schemes.
61. 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 the first year Fees Free scheme 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 a TEI, pay that amount to the TEO in respect of fees on behalf of the learner; or
  - b. if the TEO is a registered PTE, compensate the registered PTE for that amount in respect of fees forgone as a result of the condition required to be imposed under this paragraph.
62. For the purposes of the condition that the TEC must impose under paragraph 61, 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 the first year Fees Free scheme and issued under section 409(1)(j) of the Act.
63. The TEC must attach to funding a condition that each TEO must work with the TEC to give effect to the Fees Free schemes. In particular, the TEC must require each TEO to provide information, to enable the TEC to understand the entitlement use of eligible learners, and fees for eligible programmes and micro-credentials.
64. Any fees in excess of the amount payable by the TEC under paragraphs 61 and 62 may be charged by the TEO to the learner.
65. The TEC may impose conditions to give effect to the Fees Free schemes.

***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 from an eligible programme or micro-credential a course EFTS factor;
  - b. accurately assign each of its courses to a delivery classification listed in Table 1, "Delivery Classification" of Appendix 1 of this funding mechanism;
  - 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 of 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 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.

### ***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 39(2)(a) of the Data and Statistics Act 2022, 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 Data and Statistics Act 2022 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 TEC, or any vendor contracted by the TEC for benchmarking purposes, with financial and performance information as requested, in a timely manner;
  - b. engaging with follow-up questions and related quality assurance processes, in a timely manner; and
  - c. contributing to the cost of any vendor contracted by the TEC, 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, micro-credentials, activities and/or courses 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 that leads to the award of a qualification on the NZQCF, including a certificate, diploma, degree or postgraduate qualification. This includes a course that is part of a programme where the learner is not enrolled in the programme (for example, where a learner is only enrolled in one or more courses but not intending to complete the entire programme);
- b. **Fees** means:
  - i. tuition fees;
  - ii. compulsory course costs that are charged to all learners 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 NZQA), field trips, and any compulsory purchase of equipment or books through the TEO;
  - 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 learner, 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;
- c. **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;
- d. **Programme** means programme of study or training leading to the award of a qualification listed on the NZQCF;
- e. **Student services fees** means fees for the provision of student services that are provided by a TEO or by another person or body on behalf of the TEO. These fees were previously known as compulsory student services fees (CSSFs); and
- f. **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 fees for domestic students by each year for all programmes and their courses that are funded under this funding mechanism.
- 82. The AMFM for 2025 is set at 6.0 percent. This permits up to a 6.0 percent increase on the fees (GST exclusive) charged in 2024 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 apply.
84. For courses delivered by 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 those courses are not subject to the AMFM limits, but are subject to the fee-setting limits for new courses outlined below in paragraphs 93 to 98.
85. If a TEO reduces fees for a course across one or more calendar years, the TEO can then return to the previous fee (from before the reduction was applied), in addition to applying the AMFM rates for the period in which the fees were reduced. This paragraph does not apply where fee reductions were in place prior to 2024.

#### *Exceptions to the Annual Maximum Fee Movement*

86. Subject to paragraph 90, a TEO may apply to the TEC for an exception from the AMFM on the basis of exceptional circumstances. Any exception granted will not exceed an additional 6.0 percent increase over and above the 6.0 percent increase permitted by the AMFM.
87. In considering exceptional circumstances, the TEC must only have regard to the following criteria:
  - a. the TEO can demonstrate that it is financially unsustainable for it to deliver the course, in terms of the cost of delivering the course and taking into account the total income that the course would generate (including government funding and fees), and that there are no satisfactory alternatives to limit costs;
  - b. the existing fees for the course are no more than the 75th percentile of the range of fees charged for similar courses; and
  - c. any two of the following three criteria:
    - i. where the course is part of a programme at Level 7 (degree) to 10 on the NZQCF that has been delivered previously, the programme has a cohort-based completion rate that meets or exceeds the median performance benchmark for that NZQCF level in the previous year;
    - ii. the TEO can demonstrate that the course is in some way unique or special (for example, that there are no available local alternatives);
    - iii. 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.

88. For the purpose of paragraph 87(b), the TEC must specify how similar courses will be determined.
89. If a TEO is applying for an exception from the AMFM for multiple courses, each course must individually meet the exception criteria specified in paragraph 87.
90. There is a limit to the number of courses for which a TEO can request an exception for each year, depending on the number of EFTS enrolled at the TEO, as follows:
  - a. for a TEO with 1,000 EFTS or less, the limit is 4 courses;
  - b. for a TEO with between 1,000 and 4,999 EFTS, the limit is 8 courses;
  - c. for a TEO with between 5,000 and 9,999 EFTS, the limit is 12 courses;
  - d. for a TEO with 10,000 EFTS or more, the limit is 16 courses, and increases by 4 courses per increment of 10,000 EFTS.

#### *Low or Zero Fee Courses*

91. If the fee for a course funded under this funding mechanism is less than \$511.11 (GST inclusive) (or \$444.44 (GST exclusive)) per EFTS in 2024, then for 2025, the TEO may increase the fee to up to \$511.11 (GST inclusive) (or \$444.44 (GST exclusive)) per EFTS, or may increase the fee by 6.0 percent, whichever is the greater.
92. Paragraph 85 applies, and clause 91 does not apply, to fees that:
  - a. have been reduced temporarily; and
  - b. prior to the temporary reduction were higher than \$511.11 (GST inclusive) (or \$444.44 (GST exclusive)) per EFTS.

#### ***Fee-setting Limits for New Courses***

93. The fee 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 must specify how similar courses will be determined.
94. The above fee setting limit does not apply where the course is established 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*

95. A TEO may apply for an exception from the fee-setting limits for new courses on the basis of exceptional circumstances.
96. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:
  - a. the course would not be financially viable without a higher fee;
  - b. where the course is part of a programme at Level 7 (degree) to 10 on the NZQCF that has been delivered previously, the programme has a cohort-



based completion rate that meets or exceeds the median performance benchmark for that NZQCF level in the previous year;

- 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 the Government's priorities as set out in the Tertiary Education Strategy.
97. The TEC must only grant an exception if it is satisfied that the TEO meets all of the above criteria.
98. The TEC has discretion to determine the level at which a TEO can set fees for any new courses that have been granted an exception.

#### ***Fee capping Limits for Micro-credentials***

99. The fees for a micro-credential must be no more than \$64 (GST inclusive) per credit. This fee cap does not apply to component courses that are also part of a programme leading to the award of a qualification and are funded through this funding mechanism.
100. 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 any courses that are not also part of a programme and funded through this funding mechanism must be no more than \$64 (GST inclusive) per credit.

#### ***Exceptions to Fee-capping Limits for Micro-credentials***

101. A TEO may apply to the TEC 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 subject to the AMFM) on the basis of exceptional circumstances. Where a course in a micro-credential is also a course in a programme, it is subject to the AMFM and the relevant exception criteria outlined in paragraphs 86 to 98.
102. 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 can provide evidence that there is strong support from industry and/or employers to deliver the micro-credential and that the micro-credential clearly meets industry and/or employer needs.
103. The TEC must only grant an exception if it is satisfied that the micro-credential meets both of the above criteria.

104. The TEC has discretion to determine the level at which a TEO can set fees for any micro-credential granted an exception.

***Student services fees***

105. All TEOs that charge student services fees to domestic learners who are funded through this funding mechanism must comply with the requirements set out in paragraphs 107 to 113.
106. The objective of the requirements on TEOs that charge student services fees is to ensure:
- a. accountability to learners in the use of fees for student services;
  - b. involvement of learners in decisions about the charging and use of fees for student services; and
  - c. fair arrangements for learners in different tertiary education settings (for example, work-based learners or learners in fees-free foundation education programmes).

***Requirements when setting student services fees***

107. **Decision-making:** TEOs must establish and demonstrate adequate arrangements for decisions to be made jointly or in consultation with the learners enrolled at the TEO, or their representatives, on the following matters:
- a. the maximum amount that learners will be charged for student services;
  - b. the types of services to be delivered (within the permitted categories set out in paragraph 113 below);
  - c. the procurement of those services; and
  - d. the method for authorising expenditure on those services.
108. **Consultation requirements:** If a TEO chooses to make decisions about student services fees in consultation with learners enrolled at the TEO or their representatives, instead of undertaking a joint decision-making process, the TEO is required to ensure that:
- a. the outcome of the consultation is not predetermined;
  - b. proposals are clearly communicated and publicised;
  - c. there is sufficient time for learners to consider proposals and provide feedback; and
  - d. due consideration is given to learner feedback.
109. **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.

110. **Reporting on student services fees:** Institutions must provide information on all student services fees through their annual report, and registered PTEs must provide information on all student services fees through a written report to learners. Institutions and registered PTEs must include the following information in their annual report or written report to learners:
- a. a description of the services funded out of the student services fee;
  - b. a statement of the fee income and expenditure for each type of student service;
  - 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 109.
111. **PTEs' written reports to learners:** Registered PTEs charging student services fees must provide to the TEC a copy of the report referred to in paragraph 110 no later than 14 days after it is provided to learners. 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](mailto:ssf@tec.govt.nz)

112. **Publishing information online:** TEOs charging student services fees must, as soon as reasonably practicable each year, publish the following information on their website:
- a. a description of the services funded out of the student services fee;
  - b. a statement of the fee income and expenditure for each type of student service;
  - c. the student services fee amount charged per EFTS or academic year (or however it is calculated);
  - d. a description of the current year's student services fee decision-making process, what decisions were consulted on, how consultation with learners occurred, a summary of learner feedback, what the decisions were, and how learner feedback was incorporated into those decisions; and
  - e. a description of how learners can be involved in student services fee decisions for the following year – i.e. how TEOs propose to consult with their learners and what issues might be considered.
113. **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 learners and groups of learners, and providing independent support to resolve problems. This includes advocacy and legal advice relating to accommodation.
- b. *Careers information, advice and guidance* – Supporting learners transition into post-study employment.
- c. *Childcare services* – Providing childcare services while caregivers are studying.
- d. *Clubs and societies* – Supporting learner clubs and societies, including through the provision of administrative support and facilities for clubs and societies.
- e. *Counselling services* – Providing non-academic counselling and pastoral care, such as chaplains.
- f. *Employment information* – Providing information about employment opportunities for learners while they are studying.
- g. *Financial support and advice* – Providing hardship assistance and advice to learners on financial issues.
- h. *Health services* – Providing health care and related welfare services.
- i. *Media* – Supporting the production and dissemination of information by students to learners, including through newspapers, radio, television and internet-based media.
- j. *Sports, recreation and cultural activities* – Providing sports, recreation and cultural activities for learners.

## 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 and Kōhanga Reo Kaiako
#19.2	Teaching: Primary
#20	Teaching: Secondary and Specialist
#23	Veterinary
#23.3	Veterinary Science Undergraduate (Years 3, 4 & 5)
#24	Nursing
#25	Medical Imaging
#27	Midwifery
#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
#42	Mātauranga Māori and Te Reo Māori

**Table 2: Funding categories: alphabetic code**

Category (alphabetic)	Relevant discipline and delivery classification
A	Arts; Advanced Studies for Teachers; Health Therapies; Humanities; Languages; Social Sciences [#03], General Education [#5.2]
B	Architecture; Quantity Surveying (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; Quantity Surveying (degree) [#02], Engineering; Technology [#11], Health Sciences [#13], Midwifery [#27], Physiotherapy [#29], Speech Language Therapy [#32], Medical Laboratory Science [#33], Audiology [#35]
G	Dentistry (postgraduate only) [#7], Medicine (postgraduate only) [#15]
H	Agriculture; Horticulture (degree and/or diploma/certificate in specialised Agriculture and Horticulture) [#01], Specialist Large Animal Science [#39]
I	Teaching [#19.1, #19.2, #20]
J	Business; Accountancy; Office Systems/Secretarial Management [#04], Law [#14],
L	Agriculture; 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 Professionals [#31]
N	Priority Engineering [#11.1], Dietetics [#36]
O	Medical Radiation Therapy [#30]
Q	Veterinary [#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]
W	Mātauranga Māori and Te Reo Māori [#42]

**Table 3: Funding categories: numeric code**

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

**Table 4: Funding rates**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>A</b>	\$7,563	\$7,563	\$9,547	\$10,096
<b>B</b>	\$11,571	\$11,571	\$14,710	\$15,815
<b>C</b>	\$13,911	\$13,911	\$17,681	\$19,028
<b>G</b>			\$32,250	\$32,250
<b>H</b>		\$25,085	\$31,636	\$33,193
<b>I</b>	\$12,025	\$12,025	\$15,080	\$15,629
<b>J</b>	\$7,563	\$7,563	\$9,547	\$10,096
<b>L</b>	\$13,000	\$13,000	\$16,392	\$17,495
<b>M</b>	\$16,558	\$18,867	\$23,689	\$25,227
<b>N</b>	\$15,433	\$15,433	\$19,416	\$20,897
<b>O</b>		\$26,869		
<b>Q</b>		\$37,327	\$37,327	\$37,327
<b>R</b>		\$63,735		
<b>S</b>	\$23,017			
<b>T</b>		\$52,553		
<b>U</b>		\$52,553		
<b>V</b>	\$13,528	\$16,533	\$20,841	\$22,245
<b>W</b>	\$8,114	\$8,114	\$10,241	\$10,830