

Hon Penny Simmonds

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



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

Dear Wayne,

Determination of Design of Funding Mechanism: Equity

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 2025. Funding to support Māori, Pacific and disabled learners at Levels 3 to 7 (non-degree) on the NZQCF and all industry training is provided through a different funding mechanism.

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.

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: EQUITY

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 funding administered under this funding mechanism is to improve participation and achievement in tertiary education for Māori, Pacific and disabled learners at Level 7 (degree) to 10 on the New Zealand Qualifications and Credentials Framework (NZQCF), and for disabled learners at Levels 1 to 2 on the NZQCF.

On-plan funding

3. 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

4. This funding mechanism applies to equity funding from 1 January 2025.
5. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before that date.

Available funding

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

TEO eligibility

Māori and Pacific learners

7. 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 *Delivery at Levels 7 (degree) to 10 on the NZQCF* funding mechanism.

Disabled learners

8. The TEC may only provide equity funding in respect of disabled learners to a tertiary education institution (TEI) that receives funding under the *Delivery at*

Levels 7 (degree) to 10 on the NZQCF funding mechanism or the Delivery at Levels 1 and 2 on the NZQCF funding mechanism.

Funding formula and rates

Māori and Pacific learners

9. 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.
10. The equity funding rates per NZQCF level in respect of Māori and Pacific learners are set out below. All amounts are GST exclusive.

NZQF Level	Rate per EFTS
Level 7 (degree)	\$364.00
Level 8 and above	\$506.00

Disabled learners

11. The TEC must allocate equity funding to a TEI in respect of disabled learners at a set rate of \$32.52 (GST exclusive) per funded EFTS at each TEI.

Performance measurement

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

PART TWO: FUNDING CONDITIONS

Conditions that the TEC must attach to funding

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

Responsible use of funding

14. 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 funding

15. 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.
16. 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

17. 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.

TEC administrative responsibilities

18. 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.