



## Office of Hon Steven Joyce

Minister for Economic Development  
Minister for Regulatory Reform  
Minister of Science and Innovation  
Minister for Tertiary Education, Skills and Employment

Minister Responsible for Novopay  
Associate Minister of Finance

**1 6 NOV 2016**

John Spencer  
Chair  
Tertiary Education Commission  
PO Box 27-048  
Wellington 6141

Dear John

### **Determination of Design of Funding Mechanism: Adult and Community Education**

I am writing to advise you of the new determination of design of funding mechanism that I have made under section 159L of the Education Act 1989 for Adult and Community Education; Search and Rescue Adult and Community Education; and Emergency Management Adult and Community Education.

The new determination is set out in the appendix to this letter. The mechanism covers the period from 1 January 2017 until 31 December 2017.

Under section 159O of the Act, it is the Commission's responsibility to develop the operational policy and practices needed to implement my determinations of the designs of funding mechanisms. I expect that the Commission will set appropriate measures as part of its Statement of Service Performance in order to report to me on its performance in giving effect to this determination.

Yours sincerely,



Steven Joyce  
Minister for Tertiary Education, Skills and Employment

# **DETERMINATION OF DESIGN OF FUNDING MECHANISM: ADULT AND COMMUNITY EDUCATION**

## **PRELIMINARY PROVISIONS**

### ***Statutory authority***

1. This funding mechanism for adult and community education is made under section 159L of the Education Act 1989 (the Act).

### ***Purpose***

2. This funding determination covers three funds:
  - a. the Adult and Community Education (ACE) Fund; and
  - b. the Search and Rescue (SAR) (ACE) Fund; and
  - c. the Emergency Management (EM) (ACE) Fund.
3. The purpose of the ACE Fund is to purchase provision that provides adults with community-based education, foundation skills, and pathways into other learning opportunities that meet community learning needs.
4. The purpose of the SAR (ACE) Fund is to ensure the purchase of good quality SAR (ACE) provision that supports volunteers to achieve the relevant class and level of training and accreditation. The primary focus of funding for SAR (ACE) provision is to attain targeted, skills-based short awards (under 40 credits on the New Zealand Qualifications Framework (NZQF)), including training schemes.
5. The purpose of the EM (ACE) Fund is to ensure the purchase of good quality EM (ACE) provision that supports volunteers in the fields of civil defence emergency management, and fire-fighting to achieve the appropriate class and level of training and accreditation. To achieve this, the Tertiary Education Commission (TEC) may also use EM (ACE) funding under this funding mechanism to establish an emergency management co-ordination body to provide co-ordination across the civil defence emergency management, and fire-fighting sectors and to provide advice about the appropriate levels of provision.
6. For the avoidance of doubt, the general parameters and conditions included in this funding mechanism apply to all three funds unless stated otherwise.

### ***On-Plan and Off-Plan funding***

7. The TEC must pay funding for ACE and SAR (ACE) under section 159YA of the Act.
8. The TEC must pay funding for EM (ACE) under section 159ZC of the Act.

## **PART ONE: THE FUNDING MECHANISM**

### **GENERAL PARAMETERS**

#### ***Effective period***

9. This funding mechanism is to fund ACE provision delivered from 1 January 2017 to 31 December 2017.
10. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism outside those date.

#### ***Available funding***

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

#### ***TEC administrative responsibility in the case of under-funding***

12. If a tertiary education organisation (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 pay the amount of the under-funding as soon as is reasonably practicable.

### **SPECIFIC PARAMETERS**

#### **A. THE ADULT AND COMMUNITY EDUCATION FUND**

##### ***TEO eligibility***

13. The TEC may only fund a TEO under this funding mechanism for ACE provision if the TEO is one of the following:
  - a. an institute of technology and polytechnic (ITP);
  - b. a wānanga;
  - c. a private training establishment (PTE) that specialises in foundation learning;
  - d. a rural education activities programme (REAP) provider;
  - e. a community organisation; or
  - f. a state or state integrated school.

##### ***TEO quality assurance***

14. To be eligible for ACE funding under this funding mechanism, a TEO (other than a community organisation) must be quality assured by:
  - a. the New Zealand Qualifications Authority (NZQA), if the TEO is an ITP, a wānanga, a PTE, or a REAP provider; or

- b. the Education Review Office, if the TEO is a state or state integrated school.

***ITPs and wānanga - funding formula and rate***

15. The TEC must measure ACE enrolments at ITPs and wānanga in units of equivalent full-time students (EFTS). One (1.0) EFTS unit is defined as the learner workload that would normally be carried out by a learner enrolled full-time in a single academic or calendar year.
16. The TEC must allocate funding for ACE provision at a fixed rate of \$4,444.44 per EFTS (GST exclusive).

***ITPs and wānanga - funding priorities***

17. When allocating ACE funding to ITPs and wānanga, the TEC must:
  - a. take into account each ITP's or wānanga's overall portfolio of ACE provision; and
  - b. prioritise funding for ACE provision that primarily focuses on:
    - i. the learning of foundation skills; and
    - ii. the re-engagement of learners whose previous learning was not successful; and
    - iii. ensuring the progression of learners into formal tertiary education.

***PTEs, REAP providers, and community organisations - funding formula and rates***

18. The TEC must determine the appropriate total amount of funding for a PTE, REAP provider or community organisation to be funded for ACE provision.

***PTEs, REAP providers, and community organisations - funding priorities***

19. When allocating ACE funding to PTEs, REAP providers and community organisations, the TEC must:
  - a. take into account each PTE's, REAP provider's or community organisation's overall portfolio of ACE provision; and
  - b. prioritise funding for ACE provision that primarily focuses on:
    - i. literacy, digital literacy, and/or numeracy; or
    - ii. English language, including English for Speakers of Other Languages (ESOL); or
    - iii. New Zealand Sign Language; or
    - iv. Te Reo Māori.

***State schools and state integrated schools - funding formula and rates***

20. The TEC must allocate funding for ACE provision to state schools and state integrated schools at a fixed hourly rate (\$7.27 per hour) for a minimum number of hours of ACE provision per learner.

***State schools and state integrated schools - funding priorities***

21. When allocating funding for ACE provision to state schools and state integrated schools, the TEC must:
- a. take into account each school's overall portfolio of ACE provision; and
  - b. ensure that each school will prioritise learners with the highest need. It is expected that at least 50% of the learners enrolled in the school's funded ACE provision will:
    - i. identify as having English language needs; or
    - ii. have low or no formal qualifications; or
    - iii. identify as Māori or Pasifika; and
  - c. prioritise funding for ACE provision that primarily focuses on:
    - i. literacy, digital literacy, and/or numeracy; or
    - ii. English language, including ESOL; or
    - iii. New Zealand Sign Language; or
    - iv. Te Reo Māori.

***Eligible programmes***

22. The TEC must ensure that a TEO only receives ACE funding for an eligible learner enrolled in a programme of study or training that is designed to:
- a. target learners whose previous learning was not successful; and
  - b. raise foundation skills; and
  - c. strengthen social cohesion, enhancing a learner's ability to participate in society and economic life.

23. A programme of study or training does not have to meet all of the criteria specified in paragraph 22 if it is a programme of study or training in ESOL, New Zealand Sign Language, or Te Reo Māori.

***Learner eligibility***

24. The TEC must ensure that a TEO only receives ACE funding for a learner enrolled in an ACE programme who is:

- a. a domestic student<sup>1</sup>; and
  - b. 16 years of age or over; and
  - c. not a full-time secondary school student.
25. A TEO may receive funding for ACE provision for a learner who does not meet the criteria specified in paragraph 24 only if that learner is:
- a. under the age of 16 years and he or she participates with adults in family-based provision; or
  - b. a full-time secondary school student:
    - i. who is 16 years of age and over; and
    - ii. who receives ACE provision outside of normal school hours; and
    - iii. who has obtained approval from the relevant school principal; and
    - iv. for whom the TEO has obtained approval from the TEC.

**B. THE SEARCH AND RESCUE (ADULT AND COMMUNITY EDUCATION) FUND**

***TEO eligibility***

26. The TEC must only fund a TEO for SAR (ACE) provision if the TEO is:
- a. an ITP;
  - b. a wānanga; or
  - c. a PTE.

***TEO quality assurance***

27. To be eligible for SAR (ACE) funding under this funding mechanism, a TEO must be quality assured by NZQA.

***Funding formula and rate***

28. The TEC must measure SAR (ACE) provision enrolments in units of EFTS (as defined in paragraph 15).
29. The TEC must allocate funding for SAR (ACE) provision at a fixed rate of \$8,400 per EFTS (GST exclusive).

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<sup>1</sup> As defined in section 159 of the Education Act 1989.

### ***Eligible programmes***

30. The TEC must ensure that a TEO only receives SAR (ACE) funding for an eligible learner enrolled in a programme of study or training that is less than 40 credits on the NZQF.

### ***Learner eligibility***

31. The TEC must ensure that a TEO only receives SAR (ACE) funding for a learner enrolled in a SAR (ACE) programme of study or training who is:
  - a. a domestic student<sup>2</sup>; and
  - b. nominated to undertake the SAR training by New Zealand Search and Rescue (NZSAR), or by a SAR organisation approved by NZSAR.
32. Up to 3 EFTS annually may be accessed by persons required to be treated as if they are not international students, as set out in the *Domestic Students (Tertiary Education) Notice 2016*, with the cap to be managed by the NZSAR Secretariat.

## **C. THE EMERGENCY MANAGEMENT (ADULT AND COMMUNITY EDUCATION) FUND**

### ***Emergency management co-ordination body***

33. To achieve the purpose of EM (ACE) funding, the TEC may also use EM (ACE) funding under this funding mechanism to establish an emergency management co-ordination body to provide co-ordination across the civil defence emergency management, and fire-fighting sectors and to provide advice about the appropriate levels of provision.
34. The emergency management co-ordination body must be recognised as a suitable representative by the civil defence emergency management, and fire-fighting sectors, that will:
  - a. work with stakeholders to identify training needs; and
  - b. provide links across the different sectors, and with the SAR sector; and
  - c. provide advice on training needs in each sector or geographic region.
35. The emergency management co-ordination body must be an organisation as defined in section 159B of the Act that satisfies the eligibility and assessment criteria to be established by the TEC.
36. The TEC may fund the emergency management co-ordination body up to \$100,000 per calendar year from the EM (ACE) Fund for administration costs.
37. The TEC must ensure that it consults with the co-ordination body when allocating funding EM (ACE) provision.

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<sup>2</sup> As defined in section 159 of the Education Act 1989.

### ***Funding for EM (ACE) provision***

#### ***TEO eligibility***

38. The TEC must only fund a TEO for EM (ACE) provision if the TEO is:
- a. a university;
  - b. an ITP;
  - c. a wānanga;
  - d. a PTE;
  - e. a community organisation; or
  - f. an employer that:
    - i. is an organisation as defined by section 159B of the Act<sup>3</sup>; and
    - ii. is recommended to receive funding by the emergency management co-ordination body.

#### ***TEO quality assurance***

39. To be eligible for EM (ACE) funding under this funding mechanism, a TEO (other than a community organisation or employer) must be quality assured by:
- a. the New Zealand Vice-Chancellors' Committee (operating as Universities New Zealand), if the TEO is a university; or
  - b. NZQA, if the TEO is an ITP, a wānanga, a PTE or an ITO.

#### ***Funding formula and rate***

40. The TEC must measure EM (ACE) provision enrolments in units of EFTS, as defined in paragraph 15.
41. The TEC must allocate funding for EM (ACE) provision at a fixed rate of \$6,200 per EFTS (GST exclusive).

#### ***Eligible programmes***

42. The TEC must ensure that a TEO only receives EM (ACE) funding for an eligible learner enrolled in an programme of study or training that:
- a. is one of the following:
    - i. a programme made up of unit standards and credits, which may lead to the award of a qualification on the NZQF; or
    - ii. a training scheme; or

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<sup>3</sup> For the purposes of this funding mechanism, the term "TEO" also applies to these employers, unless specified.



- iii. a short award; and
- b. has been recommended by the emergency management co-ordination body; and
- c. is appropriate for volunteers.

### ***Learner eligibility***

- 43. The TEC must ensure that a TEO only receives EM (ACE) funding for a learner enrolled in an EM (ACE) programme of study or training who is:
  - a. a domestic student<sup>4</sup>; and
  - b. nominated to undertake the emergency management training by the emergency management co-ordination body.

## **PART TWO: FUNDING CONDITIONS**

### **General Conditions for off-Plan funding**

- 44. The TEC may impose any conditions on funding paid under this funding mechanism under section 159ZC that it considers necessary, including, without limitation, conditions for ensuring that the funding will achieve the purpose for which it has been provided.

### **Conditions that the TEC must attach to funding (on- and off-Plan)**

- 45. The following conditions do not apply to funding provided to an emergency management co-ordination body funded from the EM (ACE) Fund, unless specified.
- 46. The TEC must attach the following specific conditions to funding paid under this funding mechanism:

### ***Tertiary Education Organisations***

- 47. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, for the length of the funding period, continue to meet the criteria specified at:
  - a. paragraphs 13 and 14 of this funding mechanism, if the funding is from the ACE Fund; or
  - b. paragraphs 26 and 27 of this funding mechanism, if the funding is from the SAR (ACE) Fund; or
  - c. paragraphs 38 and 39 of this funding mechanism, if the funding is from the EM (ACE) Fund.

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<sup>4</sup> As defined in section 159 of the Education Act 1989.

48. The TEC must attach to funding a condition that a TEO (including an emergency management co-ordination body) 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
  - b. comply with any conditions imposed by the TEC on a consent to subcontract; and
  - c. ensure that a subcontracted party does not further subcontract any functions; and
  - d. remain accountable for the use of the funding.

*Organisation receiving funding from the EM (ACE) Fund to be an emergency management co-ordination body*

49. The TEC must attach to funding a condition that an organisation that receives EM (ACE) funding under this funding mechanism to be an emergency management co-ordination body must, for the length of the funding period, continue to meet the criteria specified at paragraph 35 of this funding mechanism.

### ***Programmes***

50. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a programme in which an eligible learner is enrolled continues to meet the criteria specified at:
- a. paragraph 22 or 23 of this funding mechanism, if the funding is from the ACE Fund; or
  - b. paragraph 30 of this funding mechanism, if the funding is from the SAR (ACE) Fund; or
  - c. paragraph 42 of this funding mechanism, if the funding is from the EM (ACE) Fund.

### ***Learners***

51. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each learner who is enrolled in a programme of study or training funded under this funding mechanism meets and continues to meet the criteria specified at:
- a. paragraphs 24 or 25 of this funding mechanism, if the funding is from the ACE Fund; or
  - b. paragraphs 31 and 32 of this funding mechanism, if the funding is from the SAR (ACE) Fund; or
  - c. paragraph 43 of this funding mechanism, if the funding is from the EM (ACE) Fund.

### ***TEO responsibilities***

52. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must work with local organisations, peak bodies, groups, and communities, including other TEOs involved in ACE, SAR (ACE), or EM (ACE) provision, to identify and meet community learning needs.
53. The TEC must attach to funding a condition that a TEO (including an emergency management co-ordination body) that receives funding under this funding mechanism must provide the TEC with access to its premises, employees, and information for the purposes of:
  - a. inspecting the records that the TEO must keep; or
  - b. auditing the TEO's compliance with funding conditions and requirements in the Act.

### ***TEO responsibilities on receiving funding from the ACE Fund***

54. The TEC must attach to funding a condition that a TEO that receives funding from the ACE Fund under this funding mechanism:
  - a. must design and provide ACE programmes of study or training that:
    - i. if the TEO is an ITP or wānanga, align with the priorities specified in paragraph 17(b); or
    - ii. if the TEO is a PTE, REAP provider, or a community organisation, align with the priorities specified in paragraph 19(b); or
    - iii. if the TEO is a state school or state integrated school, align with the priorities specified in paragraph 21(b) and (c); and
  - b. must not use ACE funding to provide programmes of study or training to a group or class of secondary school students, even if the programme of study or training is provided outside school hours; and
  - c. must not use ACE funding to provide professional development courses for ACE teachers and tutors.

### ***Fees***

55. 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 programme<sup>5</sup>; and
  - b. in relation to the provision of essential equipment, including computers, must not require the costs to be met through the “course-related costs”

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<sup>5</sup> The phrase “equipment, infrastructure and hardware” refers to those items that can be used by successive intakes of students. It does not include personal items which are provided for individual student use and which the TEO does not retain for the next intake of students.

component of the Student Loan Scheme, as a condition of enrolment for students.

*Fees for provision funded from the ACE Fund*

56. The TEC must attach to funding a condition that a TEO that receives funding from the ACE Fund under this funding mechanism must:
- a. ensure that the level of fees it sets for ACE programmes of study or training does not prevent individuals from enrolling in those programmes; and
  - b. charge the same fee to all learners participating in an ACE programme of study or training funded under this funding mechanism.

*Limits on fees for provision funded from the SAR (ACE) and EM (ACE) Funds*

57. The TEC must attach to funding a condition that a TEO that receives funding from the SAR (ACE) Fund or EM (ACE) Fund under this funding mechanism must not charge a fee to a learner in 2017 who is participating in an eligible SAR (ACE) or EM (ACE) programme of study or training for which the TEO receives funding.
58. For the purposes of this condition, the term “fee” includes the following items: tuition fees; compulsory course costs; examination fees; costs of materials; costs of field trips; costs associated with the compulsory purchase of equipment or books through a TEO; and other charges associated with a course.
59. For the purposes of this condition, the term “fee” does not include compulsory student services fees or fees for student identification cards.

***No other funding***

60. The TEC must attach to funding a condition that a TEO (including an emergency management co-ordination body) that receives funding under this funding mechanism:
- a. must not (without the TEC’s prior written consent) seek or obtain funding from any Crown source other than the TEC to fund provision which is funded under this funding mechanism; and
  - b. must notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of subparagraph (a) of this condition.

***Responsible use of funding***

61. The TEC must attach to funding a condition that a TEO (including an emergency management co-ordination body) 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 over-funding***

62. The TEC must attach to funding a condition that if a TEO (including an emergency management co-ordination body) 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.
63. 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***

64. The TEC must attach to funding a condition that if, in accordance with section 159YG or 159ZF of the Act, the TEC suspends or revokes some or all of a TEO's funding paid under this funding mechanism before that funding provided 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:
- 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.

### **Specific condition that the TEC must attach to funding for TEIs funded under this funding mechanism**

#### ***Enrolment***

65. The TEC must attach to funding a condition that a TEI must keep accurate and up-to-date records of enrolments in accordance with the requirements developed by the TEC.