



## Office of Hon Steven Joyce

Minister for Economic Development  
Minister of Science and Innovation  
Minister for Tertiary Education, Skills and Employment  
Associate Minister of Finance

21 JUL 2014

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

Dear John

**Determination of Design of Funding Mechanism: Literacy and numeracy provision**

I am writing to advise you of the new funding determination that I have made under section 159L of the Education Act 1989 for literacy and numeracy provision.

The new determination is set out in the appendix to this letter. The determination covers the period from 1 January 2015.

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: LITERACY AND NUMERACY PROVISION**

## **PRELIMINARY PROVISIONS**

### ***Statutory authority***

1. This determination, which is made under section 159L of the Education Act 1989 (the Act), specifies the design of the funding mechanism for literacy and numeracy provision (funding mechanism).

### ***Purpose***

2. This funding mechanism for literacy and numeracy provision covers three funds:
  - a. the Intensive Literacy and Numeracy Fund; and
  - b. the Workplace Literacy and Numeracy Fund; and
  - c. the Adult Literacy Educator Fund.
3. The purposes of funding literacy and numeracy provision are to:
  - a. increase opportunities for adults to engage in literacy and numeracy learning, particularly for those in low-skilled employment; and
  - b. raise adults' literacy and numeracy skills; and
  - c. improve the quality and relevance of provision, including the ability to identify learner need and learning gain.
4. For the avoidance of doubt, the general parameters and funding conditions included in this funding mechanism apply to all three funds unless stated otherwise.

### ***On-plan funding***

5. The Tertiary Education Commission (TEC) must pay funding allocated under this funding mechanism under section 159YA of the Act.

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

### **GENERAL PARAMETERS**

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

6. This funding mechanism is to fund literacy and numeracy provision delivered from 1 January 2015.
7. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before that date.

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

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

### **SPECIFIC PARAMETERS**

#### **A. THE INTENSIVE LITERACY AND NUMERACY FUND**

##### ***Purpose***

9. The purpose of the Intensive Literacy and Numeracy Fund is to fund the intensive provision of high quality literacy and numeracy learning opportunities within an appropriately structured environment.

##### ***Funding rates***

10. The TEC must allocate funding to a Tertiary Education Organisation (TEO) at a fixed rate of \$2500 per learner receiving an average of 100 hours of literacy, numeracy, or literacy and numeracy tuition per learner within a 5 to 20 week period.
11. The TEC must monitor the provision that is funded under the Intensive Literacy and Numeracy Fund to ensure that an average of 100 hours of literacy, numeracy, or literacy and numeracy tuition per learner is achieved.

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

12. The TEC must only fund a TEO from the Intensive Literacy and Numeracy Fund if the TEO:
  - a. is one of the following:
    - i. institute of technology or polytechnic (ITP);
    - ii. a private training establishment (PTE);
    - iii. a wānanga;
    - iv. a university; or

- v. a state or state-integrated school; and
- b. has in place an effective assessment process for identifying a learner's literacy, numeracy, or literacy and numeracy gains, including the use of the Literacy and Numeracy for Adults Assessment Tool; and
- c. is able to offer an eligible programme of intensive literacy and numeracy provision as set out in paragraph 14.

***TEO quality assurance***

13. To be eligible for funding from the Intensive Literacy and Numeracy Fund under this funding mechanism, a TEO must be quality assured by:
- a. the New Zealand Qualifications Authority (NZQA), if the TEO is an ITP, PTE, or wānanga; or
  - b. the New Zealand Vice-Chancellors' Committee (trading as Universities NZ), if the TEO is a university; or
  - c. the Education Review Office, if the TEO is a state or state-integrated school.

***Programme eligibility***

14. The TEC must only fund a TEO from the Intensive Literacy and Numeracy Fund for a programme of study or training that:
- a. provides literacy, numeracy, or literacy and numeracy study or training that is specific, rather than embedded, within the programme; and
  - b. contributes to the Government's priority for literacy and numeracy, as set out in the Tertiary Education Strategy 2014-2019; and
  - c. is of high quality and comprises value for money; and
  - d. enables each learner to use English and numeracy skills to meaningfully engage in New Zealand society; and
  - e. is effective in improving each learner's literacy, numeracy, or literacy and numeracy skills; and
  - f. has measurable literacy and numeracy outcomes; and
  - g. is flexible and able to be tailored to meet the needs of an individual adult learner; and
  - h. is provided by a tutor who holds an appropriate qualification (such as the National Certificate in Adult Literacy Education (Vocational)).

### ***Learner eligibility***

15. The TEC must only fund a TEO from the Intensive Literacy and Numeracy Fund in respect of a learner who:
  - a. is a New Zealand citizen or resident; and
  - b. has low skill levels in literacy, numeracy, or literacy and numeracy, as determined by the TEC.

## **B. THE WORKPLACE LITERACY AND NUMERACY FUND**

### ***Purpose***

16. The purposes of the Workplace Literacy and Numeracy Fund are to:
  - a. increase the literacy and numeracy skills of employees; and
  - b. contribute to workplace productivity through the provision and evaluation of literacy and numeracy learning in a workplace context.
17. The purposes can be achieved by:
  - a. providing literacy and numeracy programmes of study or training to employees; and
  - b. supporting workplaces to establish workplace literacy and numeracy provision.

### ***Funding rates***

18. The TEC must allocate funding to a TEO from the Workplace Literacy and Numeracy Fund at fixed of \$3700 per learner receiving an average of 40 hours of literacy, numeracy, or literacy and numeracy tuition per learner within a 10 to 40 week period.
19. The TEC must monitor the provision that is funded under the Workplace Literacy and Numeracy fund, to ensure that an average of 40 hours of literacy, numeracy, or literacy and numeracy tuition per learner is achieved.

### ***TEO eligibility***

20. The TEC may only fund a TEO from the Workplace Literacy and Numeracy Fund if the TEO is one of the following:
  - a. an ITP;
  - b. a PTE;
  - c. a wānanga;
  - d. a university;
  - e. a state or state-integrated school; or

- f. an employer that:
  - i. is an organisation as defined by section 159B of the Act<sup>1</sup>; and
  - ii. is a body corporate; and
  - iii. delivers literacy, numeracy, or literacy and numeracy provision to a minimum of 20 of its employees.

21. The TEO must have in place an effective assessment process for identifying a learner's literacy, numeracy, or literacy and numeracy gains, including the use of the Literacy and Numeracy for Adults Assessment Tool.

***TEO quality assurance***

22. To be eligible for funding from the Workplace Literacy and Numeracy Fund under this determination, a TEO (other than an employer as per paragraph 20(f)) must be quality assured by:

- a. NZQA, if the TEO is an ITP, PTE, or wānanga; or
- b. the New Zealand Vice-Chancellors' Committee (trading as Universities NZ), if the TEO is a university; or
- c. the Education Review Office, if the TEO is a state or state-integrated school.

***Maximum length of funding from the Workplace Literacy and Numeracy Fund***

23. The TEC must only fund a TEO listed at paragraph 20(a) to 20(e) to support a specific workplace for a maximum period of two years.

24. The TEC must only fund a TEO that is an employer as per paragraph 20(f) for a maximum period of two years.

***Programme eligibility***

25. The TEC must only fund a TEO from the Workplace Literacy and Numeracy Fund for a programme of workplace training if the programme:

- a. provides literacy, numeracy, or literacy and numeracy study or training that is specific, rather than embedded, within the programme; and
- b. contributes to the Government's priority for literacy and numeracy, as set out in the Tertiary Education Strategy 2014-2019; and
- c. provides high quality literacy and numeracy learning that represents value for money; and
- d. enables each learner to use English and numeracy skills to meaningfully engage in New Zealand society; and

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<sup>1</sup> For the purposes of this funding mechanism, the term "TEO" also applies to these employers, unless specified.

- e. is effective in improving each learner's literacy, numeracy, or literacy and numeracy skills; and
  - f. is able to be tailored to meet the needs of an individual learner; and
  - g. is innovative in addressing the literacy and numeracy needs; and
  - h. improves each learner's workplace literacy, numeracy, or literacy and numeracy skills; and
  - i. has adequate processes for reporting on a learner's progress in improving literacy, numeracy, or literacy and numeracy skills; and
  - j. is provided by a tutor who holds an appropriate qualification (such as the National Certificate in Adult Literacy Education (Vocational)).
26. In addition to paragraph 25, the TEC must only fund a TEO that is an employer as per paragraph 20(f), or a TEO that works with a specific employer, for a programme of workplace training if the programme:
- a. provides high quality literacy and numeracy learning that is tailored to the needs of the workplace; and
  - b. contributes to the development of sustainable employee literacy and numeracy practices within the workplace; and
  - c. has targeted literacy and numeracy outcomes that reflect the priorities and needs of the workplace; and
  - d. has the support of the employer's senior management.

***Learner eligibility***

27. The TEC must only fund a TEO from the Workplace Literacy and Numeracy Fund in respect of a learner who:
- a. is a New Zealand citizen or resident; and
  - b. has low skill levels of literacy, numeracy, or literacy and numeracy, as determined by the TEC; and
  - c. is in the paid workforce; and
  - d. is not:
    - i. enrolled as a full-time student at a TEO; or
    - ii. accessing TEC-funded literacy, numeracy, or literacy and numeracy provision at a another TEO or workplace.

## **C. THE ADULT LITERACY EDUCATOR FUND**

### ***Purpose***

28. The purposes of the Adult Literacy Educator Fund are to:
- a. build an effective literacy and numeracy teaching workforce; and
  - b. increase the capability of educators and trainers to teach adults literacy and numeracy skills, by assisting them to access provision to complete appropriate qualifications with a reduced rate of fees.

### ***Funding rates***

29. The TEC must allocate funding to a TEO on the basis of a:
- a. specified number of places in programmes leading to literacy and numeracy qualifications at level 5 and above on the New Zealand Qualifications Framework (NZQF)
  - b. fixed rate of at \$2,000 per learner for NZQF Level 5 programmes, \$3,000 per learner for NZQF Level 6 and 7 programmes and \$4,000 per learner for NZQF Level 8 and 9 programmes to contribute towards the fees charged for enrolment on programmes leading to literacy and numeracy qualifications

### ***TEO eligibility***

30. The TEC must only fund a TEO from the Adult Literacy Educator Fund if the TEO is:
- a. an ITP;
  - b. a PTE;
  - c. a wānanga; or
  - d. a university.

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

31. To be eligible for funding under this determination, a TEO must be quality assured by the:
- a. NZQA, if the TEO is an ITP, PTE, or wānanga; or
  - b. New Zealand Vice-Chancellors' Committee (trading as Universities NZ), if the TEO is a university.

### ***Programme eligibility***

32. The TEC must only fund a TEO from the Adult Literacy Educator Fund for tuition fees top-ups for a programme of study or training if the programme leads



to a literacy and numeracy qualification (or qualifications) at level 5 and above on the NZQF.

33. For the avoidance of doubt, a TEO that receives a fees top-up from the Adult Literacy Educator Fund for an eligible learner may charge the balance of the tuition fees to the learner.

***Learner eligibility***

34. The TEC must only provide funding to a TEO from the Adult Literacy Educator Fund in respect of a learner who:
  - a. is a New Zealand citizen or resident; and
  - b. is 18 years of age or over; and
  - c. has the academic ability to complete the programme of study that leads to an appropriate qualification.

## **PART TWO: FUNDING CONDITIONS**

35. The TEC must attach the following specific conditions to funding paid under this funding mechanism:

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

36. The TEC must attach to funding a condition that a TEO that receives funding for literacy and numeracy provision under this funding mechanism must, for the length of the funding period, continue to meet the criteria specified at:
- a. paragraphs 12 and 13 of this funding mechanism, if the funding is from the Intensive Literacy and Numeracy Fund; or
  - b. paragraphs 20 to 22 of this funding mechanism, if the funding is from the Workplace Literacy and Numeracy Fund; or
  - c. paragraphs 30 and 31 of this funding mechanism, if the funding is from the Adult Literacy Educator Fund.

### ***Programmes***

37. The TEC must attach to funding a condition that a TEO that receives funding for literacy and numeracy provision 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 14 of this funding mechanism if the funding is from the Intensive Literacy and Numeracy Fund; or
  - b. paragraphs 25 and 26 of this funding mechanism, if the funding is from the Workplace Literacy and Numeracy Fund; or
  - c. paragraph 32 to 33 of this funding mechanism, if the funding is from the Adult Literacy Educator Fund.

### ***Learners***

38. The TEC must attach to funding a condition that a TEO that receives funding for literacy and numeracy provision under this funding mechanism must ensure that each learner who is enrolled in a programme of study or training meets and continues to meet the criteria specified at:
- a. paragraph 15 of this funding mechanism, if the funding is from the Intensive Literacy and Numeracy Fund; or
  - b. paragraph 27 of this funding mechanism, if the funding is from the Workplace Literacy and Numeracy Fund; or
  - c. paragraph 34 of this funding mechanism, if the funding is from the Adult Literacy Educator Fund.

39. The TEC must attach to funding a condition that a TEO that receives funding for literacy and numeracy provision under this funding mechanism must verify each learner's identity to confirm the learner's eligibility in accordance with the requirements developed by the TEC.

#### ***Fees***

40. The TEC must attach to a TEO's funding the following condition if a TEO receives funding for the Intensive Literacy and Numeracy Fund or Workplace Literacy and Numeracy Fund under this funding mechanism.
41. The TEO must not charge a fee in 2015 to a learner who is participating in an eligible programme for which a TEO receives funding under this funding mechanism.
42. Any limits on fees for further years will be determined by way of a supplementary funding mechanism to be issued the preceding year. It is likely that this funding will continue to remain fees-free.

#### ***Subcontracting***

43. The TEC must attach to a TEO's funding the following condition if the TEO is an employer as per paragraph 20(f) that receives funding from the Workplace Literacy and Numeracy Fund under this funding mechanism.
44. The TEO must not subcontract the provision of a programme of workplace training to a TEO unless:
  - a. the employer receives the TEC's written consent prior to subcontracting; and
  - b. the employer complies with any conditions imposed by the TEC on giving consent to subcontract; and
  - c. the TEO that will ensure that the subcontracted party has in place an effective assessment process for identifying each learner's literacy and numeracy gains, including the use of the Literacy and Numeracy for Adults Assessment Tool.

#### ***No other funding***

45. 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 training scheme 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 subparagraph (a) of this condition.

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

46. 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 over-funding***

47. 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.
48. 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***

49. If the 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 condition that the TEC must attach to funding for Tertiary Education Institutions funded under this funding mechanism**

#### ***Enrolment***

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