



MP for Remutaka

Minister of Education

Minister of Health

Minister of State Services

Leader of the House

Minister Responsible for Ministerial Services

29 September 2020

Jenn Bestwick
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Jenn

Determination of Design of Funding Mechanism: Adult and Community Education

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 Adult and Community Education (ACE). This determination has been varied under section 423 of the Act.

The varied determination is set out in the appendix to this letter. The determination covers the funding of provision delivered from 1 January 2021. The new determination includes:

- a 1.6 percent increase to all funding rates specified in the determination;
- expanded priorities for government-funded ACE programmes;
- \$500,000 targeted support for ACE coordination by schools.

Under section 422 of the Act, it is the Commission's responsibility to develop the details needed to implement my determinations for the design 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,

A handwritten signature in blue ink, appearing to be 'CH', written over a light blue grid background.

Hon Chris Hipkins
Minister of Education

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 419 of the Education and Training Act 2020 (the Act).

Purpose

2. This funding determination covers the Adult and Community Education (ACE) Fund, which includes Immigration Levy funding allocated by Cabinet for English for Speakers of Other Languages (ESOL) provision for adult migrants.
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.

On-Plan funding

4. The Tertiary Education Commission (TEC) must pay funding for ACE in accordance with section 425 of the Act.

PART ONE: THE FUNDING MECHANISM

General Parameters

Effective period

5. This funding mechanism applies to the funding of eligible ACE programmes delivered from 1 January 2021.
6. The TEC may exercise any of its administrative functions before this date as required to give effect to this funding mechanism.

Available funding

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

TEC administrative responsibility in the case of under-funding

8. 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

TEO eligibility

9. The TEC may only fund a TEO under this funding mechanism for ACE provision if the TEO is one of the following:
 - a. Te Pūkenga - New Zealand Institute of Skills and Technology (Te Pūkenga)¹;
 - 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

10. To be eligible for ACE funding under this funding mechanism, a TEO (other than a community organisation²) must be quality assured by:
 - a. the New Zealand Qualifications Authority (NZQA), if the TEO is Te Pūkenga, a wānanga, a PTE, or a REAP provider that is not a community organisation; or
 - b. the Education Review Office, if the TEO is a State or State integrated school.

Te Pūkenga and wānanga - funding formula and rate

11. The TEC must measure ACE enrolments at Te Pūkenga 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.
12. The TEC must allocate funding for ACE provision delivered by Te Pūkenga and wānanga at a fixed rate of \$4,596.00 per EFTS (GST exclusive).

Te Pūkenga and wānanga - funding priorities

13. When allocating ACE funding to Te Pūkenga and wānanga, the TEC must:
 - a. prioritise funding for ACE provision that primarily focuses on:
 - i. the learning of foundation skills; and

¹ Te Pūkenga also refers to any Te Pūkenga subsidiary

² Some REAPs are community organisations.

- ii. the re-engagement of learners whose previous learning was not successful; and
- iii. the progression of learners into formal tertiary education.

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

14. The TEC must determine the appropriate total amount of funding for ACE provision delivered by a PTE, REAP provider or community organisation.

State schools and State integrated schools - funding formula and rates

15. The TEC must allocate funding for ACE provision to State schools and State integrated schools at a fixed hourly rate (\$7.52 per hour) for a minimum number of hours of ACE provision per learner per year for each school.
16. The TEC may allocate up to \$500,000 of ACE funding each year to provide targeted support for ACE co-ordination by schools.

State schools and State integrated schools - priority learners

17. When allocating funding for ACE provision to state schools and state integrated schools, the TEC must ensure that each school will prioritise learners with the highest need and those who have been traditionally under-served, such as Māori, Pacific peoples, and disabled learners.

Eligible programmes

18. The TEC must require a TEO to ensure that it only receives ACE funding for an eligible learner enrolled in a programme of study or training that is designed to:
 - a. improve employability, such as courses focused on employability, or life skills such as financial literacy, and introductory 'taster' courses; and/or
 - b. promote social and cultural inclusion and participation, including but not limited to, courses in languages including Te Reo Māori, New Zealand Sign Language, English language (including ESOL), Pacific languages (especially Realm languages) and Asian languages, and courses supporting digital inclusion; and/or
 - c. raise foundation skills through courses in literacy, numeracy and/or digital literacy; and/or
 - d. improve health and wellbeing, such as courses in parenting, mental health and resilience, or conflict resolution/anger management.
19. When allocating funding to a TEO under this determination, the TEC must take into account:
 - a. access to ACE throughout New Zealand; and
 - b. connections between ACE provision and the rest of the education system; and

- c. each TEO's overall portfolio of ACE provision.

Learner eligibility

- 20. The TEC must require a TEO to ensure that it only receives ACE funding for a learner enrolled in an ACE programme who is:
 - a. a domestic student³; and
 - b. 16 years of age or over; and
 - c. not a full-time secondary school student.
- 21. A TEO may receive funding for ACE provision for a learner who does not meet the criteria specified in paragraph 20 only if that learner is:
 - a. under the age of 16 years and they participate 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.
- 22. When allocating funding for ACE provision to a TEO, the TEC must ensure that each TEO will:
 - a. target ACE provision in foundation skills to learners who have low or no formal qualifications (if the TEO receives funding under this determination for ACE provision in foundation skills); and
 - b. target ACE provision in English language/ESOL to learners who identify as having English language needs (if the TEO receives funding under this determination for ACE provision in English language/ESOL).

PART TWO: FUNDING CONDITIONS

Conditions that the TEC must attach to funding

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

³ As defined in section 10(1) of the Education and Training Act 2020.

TEOs

24. 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 in paragraphs 9 and 10 of this funding mechanism.
25. The TEC must attach to funding a condition that a TEO 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.

Programmes

26. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a programme of study or training in which an eligible learner is enrolled continues to meet the criteria specified in paragraph 18 of this funding mechanism.

Learners

27. 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 in paragraphs 20 or 21 of this funding mechanism.

TEO responsibilities

28. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must work with Regional Skills Leadership Groups, local iwi, local organisations, peak bodies, local industry, local employers, and communities, including other TEOs involved in ACE, to identify and meet community learning needs, when appropriate for each TEO's overall portfolio of ACE provision.
29. The TEC must attach to funding a condition that a TEO 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; and
 - b. auditing the TEO's compliance with funding conditions and requirements in the Act.
30. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:

- a. must design and provide ACE programmes of study or training that:
 - i. if the TEO is Te Pūkenga or wānanga, align with the priorities specified in paragraph 13(a); or
 - ii. if the TEO is a PTE, REAP provider, or a community organisation, align with the priorities specified in paragraph 18; or
 - iii. if the TEO is a State school or State integrated school, align with the priorities specified in paragraph 17 and 18; 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.

National Student Numbers

31. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, from 1 January 2022, collect each enrolled learner's National Student Numbers (NSNs) and report these to the TEC.
32. Community organisations, and PTEs and REAP providers that receive no other funding from the TEC other than funding provided under this determination, are exempt from this condition.

Fees

33. 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 programme⁴; 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" component of the Student Loan Scheme, as a condition of enrolment for students.
34. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
 - a. ensure that the level of fees it sets for ACE programmes of study or training is not expected to prevent individuals from enrolling in those programmes; and

⁴ 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.

- b. charge the same fee to all learners participating in an ACE programme of study or training funded under this funding mechanism.

No other funding

35. The TEC must attach to funding a condition that a TEO 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

36. 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

37. 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.
38. 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

39. The TEC must attach to funding a condition that if, in accordance with section 16 of Schedule 18 of the Act, the TEC suspends, revokes or withdraws 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 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.