



MP for Remutaka

Minister of Education

Minister of Health

Minister of State Services

Leader of the House

Minister Responsible for Ministerial Services

30 September 2020

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

Dear Jenn,

Determination of Design of Funding Mechanism: Equity Funding

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 2021. The new determination includes a 1.6 percent increase to all funding rates specified in the determination.

Under section 422 of the Act, it is the Tertiary Education Commission's (TEC) responsibility to develop the details needed to implement my determinations of the design of funding mechanisms.

I expect that the TEC 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 'CHIPKINS'.

Chris Hipkins
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: EQUITY FUNDING

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 equity funding for Māori and Pacific students is to improve participation in and achievement at the higher levels of the tertiary education system (level 5 and above on the New Zealand Qualifications Framework (NZQF)).
3. The purpose of equity funding for students with disabilities is to improve participation in tertiary education and achievement of qualifications.

On-plan funding

4. 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

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

Available funding

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

TEO eligibility

Māori and Pacific students

8. The TEC may only provide equity funding in respect of Māori and Pacific students to a tertiary education organisation (TEO) that receives Student Achievement Component (SAC) funding under the *Determination of Design of*

Funding Mechanism: Student Achievement Component - provision at level 3 or above on the New Zealand Qualifications Framework.

Students with disabilities

9. The TEC may only provide equity funding in respect of students with disabilities to a tertiary education institution (TEI) that receives SAC funding under any *Determination of Design of Funding Mechanism* for SAC.

Funding formula and rates

Māori and Pacific students

10. The TEC must allocate equity funding for Māori and Pacific students according to the number of Māori and Pacific equivalent full-time students (EFTS) at each eligible TEO, based on the most recent calendar year's confirmed enrolment levels.
11. The equity funding rates per NZQF level in respect of Māori and Pacific students are set out below. All amounts are GST exclusive.

NZQF Level	Rate per EFTS
Levels 1-4	\$0
Levels 5-6	\$135.00
Level 7	\$325.00
Level 8 and above	\$452.00

Students with disabilities

12. The TEC must allocate equity funding in respect of students with disabilities to a TEI at a set rate of \$29.06 (GST exclusive) per SAC-funded EFTS¹ at each TEI.

Performance measurement

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

¹ This includes all SAC funding, including SAC at NZQF level 3 and above, and SAC at NZQF levels 1 and 2

PART TWO: FUNDING CONDITIONS

Conditions that the TEC must attach to funding

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

Responsible use of funding

15. 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 over-funding

16. The TEC must attach to funding a condition that if a TEO receives equity 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.
17. 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

18. The TEC must attach to funding a condition that if, in accordance with clause 16, 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 and is:
 - a. 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

19. 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.