



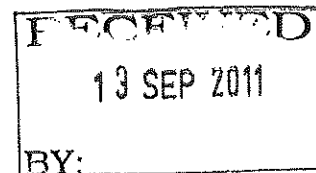
## Office of Hon Steven Joyce

Minister of Transport  
Minister for Communications  
and Information Technology  
Minister for Tertiary Education

Associate Minister of Finance  
Associate Minister for Infrastructure

12 SEP 2011

Sir Wira Gardiner  
Chair  
Tertiary Education Commission  
P O Box 27-048  
Wellington 6141



Dear Wira

### **Determination of Design of Funding Mechanism**

I am writing to advise you formally of my determination, under section 159L of the Education Act 1989, of the design of the funding mechanism for the Youth Guarantee for 2012.

I set out my determination of the design of the funding mechanism in the appendix to this letter. This determination replaces previous determinations issued for Youth Training and the Youth Guarantee.

The determination follows the Government's decision in Budget 2011 to merge the current Youth Training and Youth Guarantee programmes to create a minimum of 7500 full-time equivalent Youth Guarantee places from 2012.

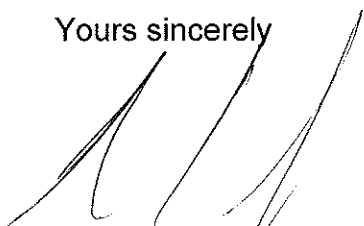
The determination for 2012 recognises that for current Youth Training providers who are not currently required to deliver full qualifications, 2012 is a transition year. These providers need to move towards using standard tertiary education performance expectations of course completions, qualification completions and progression to higher level study or employment.

The determination provides for one set of funding rates to apply to Youth Guarantee provision in 2012. This includes provision for pastoral care and transport assistance and the full cost of tuition. In addition, for 2012, the TEC is to administer an exceptional circumstances transport assistance fund of up to \$1,000,000 to assist with the transport needs of students where the bulk funded rate is clearly inadequate. In allocating places to providers for 2012, the Commission should use the performance criteria that currently apply to either Youth Training or existing Youth Guarantee providers.

In accordance with section 159O of the Act, it is the responsibility of the Commission to develop operational policy and practices needed to implement my determination of this funding mechanism.

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 black ink, appearing to be 'S. Joyce', written over the typed name.

Steven Joyce  
Minister for Tertiary Education

## **Determination of design of funding mechanism: Youth Guarantee**

Fees-free tertiary places under the Youth Guarantee aim to increase the educational achievement of 16 and 17 year olds not currently engaged in education, by providing them with improved access to tertiary education, and by improving transitions from school to tertiary education and employment.

From 2012, existing Youth Training places are being merged into the Youth Guarantee to increase the educational focus of the current Youth Training places. 2012 is a transitional year for providers to move towards the requirements of the new programme. The Tertiary Education Commission will work with providers to support this transition during 2012.

### **General parameters**

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

This determination is to fund provision delivered between 1 January 2012 and 31 December 2012 only. The Tertiary Education Commission (TEC) may exercise any of its administrative functions that are necessary to give effect to this determination outside those dates.

#### ***Legal authority***

1. This funding determination is made under section 159L of the Education Act 1989 ("the Act").
2. Funding for Youth Guarantee is paid by the TEC under section 159YA of the Act.

#### ***Policy parameters***

3. The total Youth Guarantee funding for allocation under this funding mechanism will be set through the Government's annual budget process.

### **Conditions that the TEC must attach to all funding provided under this mechanism**

#### ***No Other Funding***

4. The TEC must require that a Tertiary Education Organisation (TEO):
  - a. does not (without the TEC's prior written consent) seek or obtain any funding from any Crown source other than the TEC to fund the same part of its activities funded under this funding determination;
  - b. does not charge any tuition fees or course costs for Youth Guarantee provision; and
  - c. notifies the TEC immediately if it becomes aware of any circumstances that might result in a breach of this condition.

#### ***Recovery of Funding***

5. The TEC may require that, if the results of an audit, reporting or statistical returns indicate that the amount of a payment of funding provided under this funding determination was greater than it should have been, the amount of the over-funding is, following consultation with the TEO:
  - a. repayable to the TEC on demand; and

- b. treated as a debt that is subject to the TEC's set off rights under any condition attached to funding.
6. If the results of an audit, reporting or statistical returns indicate that the amount of a payment of funding provided under this funding determination was less than it should have been, the TEC must credit the amount of the under-funding to an account nominated by the TEO as soon as reasonably practicable.

### ***Repayment of funding***

7. The TEC must require that, if the TEC:
- a. revokes a TEO's funding for an investment plan or part of an investment plan before some or all of the funding provided to the organisation has been used for, or contractually committed to, the purposes of the plan for which that funding was provided; or
  - b. considers on reasonable grounds that a TEO has received funding that it was not entitled to receive;
- then the amount of that funding not used for, or contractually committed to, the purposes for which it was provided and/or overpaid is:
- c. repayable to the TEC on demand; and
  - d. treated as a debt that is subject to the TEC's set off rights under any funding condition.

### ***Set Off***

8. The TEC may set off, against all or any funding or other sum of money payable by the TEC to a TEO, any debt or other sum of money payable to the TEC by that TEO (including pursuant to any funding condition) where such debt or liability of the TEO has been outstanding to the TEC for ninety days or more.

### ***Subcontracting***

9. The TEC must require that Youth Guarantee programmes are delivered by the approved TEO and are not subcontracted out.

### ***Essential components***

10. Youth Guarantee funding provides fees-free tertiary places for 16 and 17 year olds to study towards qualifications at levels 1 to 3 on the New Zealand qualifications framework (NZQF).

### ***Eligibility of TEOs/Providers***

11. The TEC may provide Youth Guarantee funding under this funding determination to the following types of TEO:
- a. Polytechnics;
  - b. Wānanga; and

c. Private Training Establishments.

12. For 2012 the TEC may continue to provide Youth Guarantee funding to the schools that currently receive Youth Training funding.

### **Eligibility of activities for Youth Guarantee funding**

13. Qualifications eligible for Youth Guarantee funding under this funding determination must be at levels 1 to 3 on the NZQF.

14. The TEC must ensure that Youth Guarantee qualifications form a part of a clear pathway to vocational qualifications at level 4 and above. To ensure that the limited number of places in the programme are focused on the most at risk learners, the TEC must also ensure that a maximum of 1500 full-time places are purchased at level 3.

15. The TEC must require that:

- a. existing Youth Guarantee providers deliver programmes that have embedded literacy and numeracy.
- b. organisations that are Youth Training providers in 2011 work towards embedding literacy and numeracy for Youth Guarantee provision in 2012, with full implementation from 2013.
- c. providers use a formal assessment process to identify learners' literacy and/or numeracy gains against the Adult Literacy and Numeracy Learning Progressions.

### **Eligibility of enrolments**

16. For the purposes of Youth guarantee funding, valid enrolments are limited to:

- a. students aged 16 or 17 at the time of commencing their study; or
- b. students aged 15, with an early leaving exemption from school, at the time of commencing their study.

17. Students must be:

- a. studying at least half time for a full-year; and
- b. enrolled in a full qualification at levels 1 to 3 on the NZQF.

### **Basis for calculation of Youth Guarantee funding**

#### ***Funding categories***

18. The TEC must classify and fund Youth Guarantee qualifications in one of two categories:

- a. non-trades; or
- b. trades.

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

19. Funding rates for each category are detailed in the table below. All amounts are GST exclusive.

<b>Funding per equivalent full-time place (1200 hours)</b>	<b>Non-Trades</b>	<b>Trades</b>
<b>Fee &amp; Course Costs</b>	\$9,500	\$13,000
<b>Pastoral Care</b>	\$500	\$500
<b>Tuition Rate</b>	\$10,000	\$13,500
<b>Transport Assistance</b>	\$800	\$800
<b>TOTAL Rate</b>	\$10,800	\$14,300

20. In addition, the TEC will determine an appropriate amount up to a maximum of \$1 million for an exceptional circumstances transport assistance fund. It may allocate this fund to providers on application to cover situations where the bulk funded allocation for transport assistance is clearly inadequate to meet the transport needs of students.
21. The TEC must require providers to keep records of expenditure on transport assistance that allow identification of total expenditure on transport assistance for a provider's Youth Guarantee provision. The TEC must recover allocated transport funding that a provider has not used for transport assistance.

***Performance measures***

22. The TEC must measure provider performance using the following measures:
- a. course completion or credit achievement;
  - b. qualification completions; and
  - c. student progression to higher level study or employment.
23. Because students entering the programme will have different learning needs and different levels of prior attainment, performance information must be recorded in relation to each of levels 1, 2 and 3.
24. The information on performance against these measures collected for the 2012 academic year will inform the setting of future performance expectations for the Youth Guarantee programme.

**Allocation of Youth Guarantee places**

25. Factors that the TEC shall consider in allocating funding for 2012 include, but are not limited to:
- a. the nature of qualifications offered;
  - b. pastoral care arrangements for students; and

c. past performance against current Youth Guarantee and Youth Training performance criteria.