

Levels One and Two Supplementary Plan Guidance for 2013 Plans

Guidance for TEOs seeking Student Achievement Component funding at levels one and two of the New Zealand Qualifications Framework in 2013

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Introduction

Previous releases of 2013 Plan Guidance

The Tertiary Education Commission (TEC) released [2013 Initial Plan Guidance](#) in March 2012, for the information of tertiary education organisations (TEOs) submitting an Investment Plan (Plan) for funding from 2013.

The TEC then released [General Supplementary Plan Guidance for 2013 Plans](#) on 14 June 2012, providing supplementary and updated information on various matters for all TEOs funded via Plans.

All TEOs seeking funding from 2013 should read both these documents.

About this document

This document, the **Levels One and Two Supplementary Plan Guidance for 2013 Plans**, sets out the TEC's process for allocating Student Achievement (SAC) funding at levels one and two of the New Zealand Qualifications Framework (NZQF) from 2013.

All TEOs seeking SAC funding at these levels should read this document carefully, and should look out for further releases of information and documentation on the TEC website in the coming weeks. All further releases will be notified to the sector via TEC Now emails.

All TEOs should consider the TEC's Plan Guidance documents for 2013 alongside the following two Gazette notices:

- *Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice 2013 No.2*; and
- *Education (Matters That An Organisation That Has a Plan Must Include in a Plan Summary) Notice 2013¹*.

These notices, which are attached at the back of this document, give the TEC's requirements for Plans as per the relevant provisions of the Education Act 1989.

The first notice has been amended slightly since it was first published in March 2012; a summary of the changes is provided in section three of this document.

If you have questions about developing your proposed Plan, please contact your investment manager or the Service Centre.

Structure of this document

Section one of this document sets out Government's objectives for foundation education.

¹ The Plan Summary notice essentially requires that a TEO publish all the information contained in its Plan, except anything that is commercially sensitive. This is the same requirement as the TEC has set in previous years.

Section two explains how the TEC will allocate a proportion of SAC funding at levels one and two from 2013 via a new competitive process from 2013 based on value for money.

Section three sets out various eligibility and reporting requirements for all SAC funded provision at levels one and two from 2013.

Section four summarises the changes to a TEC-generated Gazette notice since it was first published in March 2012 (see below).

Section one: Background and policy context

Policy objectives

From 2013, the TEC will be taking a new approach to purchasing Student Achievement Component (SAC) funded provision at levels one and two of the New Zealand Qualifications Framework (NZQF).

This new approach is to make sure that our investments reflect the Government's new policy objectives for SAC funded provision at levels one and two. These are:

- a. to provide people who do not already have essential foundation skills with a low-cost way to gain those skills;
- b. to provide progression to higher-level study and skilled employment;
- c. to avoid the costs to individuals of student loan borrowing for acquiring essential foundation skills;
- d. to build the language, literacy and numeracy skills of eligible students;
- e. to enable beginning students to learn English or te reo Māori; and
- f. to reward those providers who are best able to meet the needs of foundation education students.

“Foundation skills” in this context means not just literacy, language and numeracy (LLN, which includes digital literacy), but also life and communication skills that prepare learners for further study or for entering/re-entering the workforce. (The exception is for language learning, where “foundation skills” just refers to entry level skills.)

To reflect these objectives, from 2013 onward, the TEC will set new quality standards and eligibility requirements for all delivery at levels one and two. An increasing proportion of SAC investment in NZQF levels one and two will be allocated via a competitive process, starting with approximately one third of level one and two funding in 2013.

The key features of the investment approach are explained in sections two and three. Further information and documentation associated with the competitive process will be published shortly on the TEC website. We will notify all TEOs via TEC Now emails when this happens.

Ako Aotearoa's “Lifting Our Game” report

Ako Aotearoa's Priority Learners Educational Attainment Working Group recently produced a comprehensive research report called *Lifting Our Game: Achieving greater success for learners in foundational tertiary education*. The report will shortly be available on Ako Aotearoa's [website](#).

The key message of *Lifting Our Game* is that foundation education needs to be focused on what matters to the learner, because this is how the tertiary education system will deliver the best results for everyone.

The Government's new investment approach at levels one and two represents a move in this direction. The TEC recommends that all providers of foundation education read *Lifting Our Game*.

Successful outcomes for learners

In accordance with the Government's policy objectives for foundation learning, and the findings of *Lifting Our Game*, the TEC seeks three main "exit point" outcomes for all learners in SAC funded level one and two provision:

- successful completion of a level 2 programme leading to successful study at level 3 or higher; or
- successful completion of a level 2 programme leading to skilled employment, and that enables the learner to pursue higher-level study (including industry training) in the future; or
- successful study that enables learners to meaningfully engage in society in English or te reo Māori.

The TEC has identified a range of key performance indicators and associated performance measures along these success pathways, ranging from short-term "output" measures to longer-term "outcome" measures.

Some of these measures will be used to assess provider performance, for example course and qualification completion rates (which will be collected via the Single Data Return and measured using the TEC's existing Education Performance Indicators), and possibly information about learner destinations on completing study.

Other measures will be used to monitor and evaluate progress at the system level, for example data on post-study outcomes several years after completion. We may need to create new collection mechanisms to gather this data, or we may be able to use existing Government collections.

The TEC will publish more information about these performance indicators and measures on its website shortly.

Youth Guarantee remains the first choice for those under 18

The Government wants 16 and 17 year olds who choose to enrol in tertiary study to do so through Youth Guarantee, rather than through SAC funded courses at levels one and two. The TEC therefore encourages providers to direct 16 and 17 year olds toward Youth Guarantee courses wherever possible.²

² Prior advice received by the TEC regarding the Student Loan Scheme not being available to students aged under 18 years from 1 January 2013 is no longer applicable.

Changes to the structure of the SAC appropriation

A separate funding pool for levels one and two

From 2013, SAC funding at levels one and two will have a separate funding pool within the SAC appropriation. This is to ensure a certain volume of entry level tertiary education delivery is retained, balancing the emphasis of the *Tertiary Education Strategy 2010 – 2015* on higher-level qualifications, and catering for learners who need foundation education before they can move on to higher level study.

The size of this pool for levels one and two will be adjusted through normal Budget processes, but is likely to be around \$115 million in 2013. This is close to SAC expenditure at levels one and two in 2012.

More contestability and competition at levels one and two

The funding pool at levels one and two will not be pre-allocated by subsector. Rather, the TEC will allocate it to eligible TEOs in accordance with the relevant Gazetted assessment criteria, based on performance and demand.

As explained in section two, this allocation process will include a new competitive process for a proportion of provision – starting with about a third of all provision in 2013 and 2014. PTEs will be able to access this competitive funding; this will be the first time that PTEs have had access to SAC funding at levels one and two.

Subject to good outcomes from this competitive approach, the TEC intends to phase it in across the rest of the SAC fund at levels one and two over successive Plan cycles.

Section two: A new competitive process based on value for money

Background

Until now, the Government has calculated the price it pays for each SAC funded equivalent full time student (EFTS) via a funding rate based on the level, field of study, and subsector in which the EFTS is delivered, and has set basic quality standards that all providers must meet. It has then agreed to fund providers' Plans based on a formulaic calculation based on an agreed number of EFTS at each funding rate.

The TEC will alter this approach to Plan allocations for SAC funded EFTS at levels one and two from 2013. Instead of a formulaic funding rate approach, the TEC will allocate approximately one third of the SAC fund at levels one and two on a competitive basis for 2013 and 2014, based on value for money.

The remaining funding will then be allocated through usual Plan processes and calculated in the usual way. Courses at levels one and two that are credited toward qualifications at level three or above will continue to be funded via existing mechanisms.

Two-year allocations for some PTEs

The TEC's [2013 Initial Plan Guidance for PTEs](#) indicated that all PTEs' Plans would receive one-year funding approval in 2013. The TEC has since decided that, where we opt to purchase SAC provision at levels one and two from PTEs on a competitive basis as per the process described in this section, this will be for a two-year period (2013 and 2014). These PTEs will receive two-year Plan funding approval for **all** their on-Plan provision (i.e. all SAC funding, as well as all funding granted from other on-Plan funds).

A process to identify better value for money

"Value for money" is determined by both price and quality. The lowest priced delivery for any particular type of learning might not be the best value for money, if slightly higher priced delivery results in much better outcomes for learners. By the same token, the highest quality delivery might not be the best value for money, if it is significantly more expensive but not significantly better than other delivery.

The TEC wants to identify and purchase SAC delivery at levels one and two that represents **better value for money** than existing provision. To achieve this, the TEC is inviting providers to submit applications describing the quality and volume of delivery they could provide in 2013 and 2014, and the price at which they could provide it. Providers will need to meet certain eligibility criteria before their applications can proceed.

The TEC will then consider and compare these applications, assessing price and quality separately and decide which it wants to accept, up to a total annual value of

approximately \$40 million (approximately one third of the total SAC fund at levels one and two).

The TEC might decide to pay differing prices for EFTS at levels one and two not just based on the volume, field of study and level of study as hitherto, but also based on the location of delivery, the mode of delivery, and the needs of the learners.

Once the TEC has decided which applications to fund, any remaining SAC funding at levels one and two will be allocated to providers via Plans. These additional allocations will complement the competitive allocations, to ensure that total investment meets regional and national needs.

All of the TEC's funding assessments for SAC allocations will be based on the decision-making criteria set out in the *Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice 2013 No.2*. As explained in section four, this notice has been slightly revised since its first publication in March 2012, to accommodate the new value for money competitive purchasing approach.

How to apply

The TEC will shortly publish information on its website giving instructions to TEOs who wish to submit competitive applications for SAC funded level one and two provision from 2013. This information will outline the eligibility criteria and quality standards that all proposals must meet, and provide documentation to support the application process.

The TEC will notify all TEOs via a TEC Now email notification when this material is published online.

General information about Plan submissions can be found in the [General Supplementary Plan Guidance for 2013 Plans](#).

Section three: Eligibility and reporting requirements

The requirements set out below apply to **all** SAC funded provision at levels one and two (regardless of the method of allocation) unless otherwise stated.

Funding for full qualifications only

From 2013, the TEC will only use SAC funding at levels one and two to fund courses that form part of full qualifications of 40 credits or more on the NZQF. This is because learners at this level need to engage in a block of learning of sufficient intensity to genuinely improve their foundation skills.

Funding for Adult and Community Education was increased at Budget 2012 to provide an alternative funding option for learners who want to undertake short courses.

Embedded LLN in all programmes

As is currently the case, all providers delivering SAC funded courses at level one and two (excluding English for Speakers of Other Languages (ESOL) and te reo Māori) will be expected to embed literacy, language and numeracy (LLN, including digital literacy skills) into their delivery from 2013.

Providers will also be expected to assess learners using the Literacy and Numeracy Assessment Tool, including pre- and post-study learner assessment. This will be a funding requirement for all TEOs wishing to submit applications under the new competitive allocation process.

A focus on learners who do not already hold foundation qualifications

The Government has determined that SAC funding at levels one and two (except for funding for entry-level ESOL and te reo Māori qualifications) should be targeted primarily at learners who do not already hold NCEA Level Two or another qualification at level two or above of the NZQF. This is because, taken as a group, learners without prior qualifications benefit most from foundation education in terms of employment and progression outcomes.

Over time, the Government wants to move toward a situation in which learners who already hold NCEA Level Two or another level two qualification will comprise no more than 10 percent of total SAC funded enrolments at levels one and two (excluding enrolments in ESOL and te reo Māori qualifications).

To move toward this goal, providers need to manage their intake in 2013 and 2014 so that their enrolments are within the transitional thresholds set out below. In allocating EFTS via the new competitive process, the TEC will prefer applications where providers intend to target a greater proportion of learners who lack prior qualifications.

The transitional thresholds are higher for Mātauranga Māori qualifications at wānanga. This is because these qualifications have very high enrolments, so the transition represents a bigger change.

For all SAC provision at levels one and two except for enrolments in Mātauranga Māori qualifications at wānanga:

- In 2013, learners who already hold a qualification at level two on the NZQF may comprise a maximum of **30 percent** of enrolments at each TEO; and
- In 2014, learners who already hold a qualification at level two on the NZQF may comprise a maximum of **20 percent** of enrolments at each TEO.

For all SAC-funded enrolments in Mātauranga Māori qualifications at wānanga at levels one and two:

- In 2013, learners who already hold a qualification at level two on the NZQF may comprise a maximum of **50 percent** of enrolments at each wānanga; and
- In 2014, learners who already hold a qualification at level two on the NZQF may comprise a maximum of **30 percent** of enrolments at each wānanga.

All maxima will be calculated in aggregate across all course enrolments at a TEO, not on a course-by-course basis. As noted, enrolments in te reo Māori and ESOL qualifications will be excluded from all calculations of these maxima.

Low financial barriers to participation

Learners who are engaging in foundation level tertiary education for the first time often face financial barriers to participation, including tuition fees, charges for equipment, and transport costs. One of the Government's policy objectives for foundation education is that these barriers should be kept to a minimum.

The TEC will bear this in mind as it assesses applications for levels one and two, and will prefer proposals that involve fees-free delivery to learners.

Proposed Ministerial fee conditions for 2013

On 5 July 2012 the Minister for Tertiary Education, Skills and Employment published and invited submissions on the *Education (2013 Annual Maximum Fee Movement) Gazette Notice 2012*, in accordance with section 159M(b) of the Education Act 1989.

The Notice will be finalised and re-published after 4 September 2012, after the Minister has considered any submissions he receives on the Notice.

The proposed conditions contained in the current Notice are outlined below – but please note that these may change as a result of consultation.

- **For SAC EFTS at levels one and two purchased via the new competitive process**, the Notice proposes that providers will not be able to charge any tuition fees. If this condition is confirmed after 4 September 2012, then students enrolled in these courses will not be able to borrow for fees from the Student Loan Scheme.
- **For SAC EFTS at levels one and two EFTS purchased via the standard Plan process**, the Notice proposes that a TEO may not charge a higher fee for

any course in 2013 than it charged for the same course the last time that TEO offered that course (regardless of when the course was last offered).

Monitoring and reporting

All SAC allocations and funding at levels one and two will be managed through the TEC's usual Investment Plan processes. Monitoring and reporting of this provision in 2013 and 2014 will be through current data collections.

Performance commitments will likewise be monitored via existing processes where possible – though as noted on page 5, we may require additional performance monitoring and reporting in the future.

Reporting course enrolments through the Single Data Return (SDR)

From 2013, an individual course and its enrolments may not be associated (in the Single Data Return) with both a qualification purchased via the competitive process and a qualification purchased via the standard Plan process.

This is to allow the TEC and Studylink maximum flexibility to monitor any different Student Loan Scheme eligibility requirements associated with the different types of enrolments.

Where a TEO delivers a course that is common to two (or more) qualifications, and the TEC wants to purchase these qualifications in two different ways, the TEC will work with the provider to create new courses and qualifications as required in TEC STEO.

The TEC's [website](#) provides further general information on course changes and Single Data Return submission.

Section four: Changes to Gazette notices

All the TEC's Plan Guidance documents for 2013 should be considered alongside the following two Gazette notices:

- *Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice 2013 No.2*; and
- *Education (Matters That An Organisation That Has a Plan Must Include in a Plan Summary) Notice 2013*.³

These Gazette notices were first published in March 2013.

Changes to the first notice

The *Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice 2013 No.2* has been amended and re-published to accommodate the TEC's new approach to SAC investment at levels one and two described in this document.

The sole change is that the **decision-making criteria** set out in the notice now include an additional assessment criterion that the TEC will apply when approving funding for specified programmes and activities at levels one and two, relating to the value for money of those programmes and activities.

The wording for the additional criterion is as follows:

- when assessing programmes and activities through the competitive process for Student Achievement Component funding at level 1 and 2:
 - whether the amount of funding sought for providing level 1 and 2 programmes and activities is the best value for money, having regard to the Government's stated objectives for foundation education, the price proposed by other TEOs, the nature of the proposed programmes and activities (including any costs to students), and regional and national need.

The *Education (Matters That An Organisation That Has a Plan Must Include in a Plan Summary) Notice 2013* remains unchanged and has not been re-published.

³ The Plan Summary notice essentially requires that a TEO publish all the information contained in its Plan, except anything that is commercially sensitive. This is the same requirement as the TEC has set in previous years.

Gazette notice: *Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice No. 2*

26 June 2012

PURSUANT to sections 159P, 159R, 159U and 159Y of the Education Act 1989, the Tertiary Education Commission (TEC) gives the following notice:

Title

This notice may be cited as the Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice No. 2.

Commencement

This notice applies from the date of its publication.

Application

This notice revokes and replaces the Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice.⁴

Introduction

The TEC may decide to fund the tertiary education programmes and activities described in a proposed Investment Plan (Plan) submitted by a tertiary education organisation (TEO) for a period of up to three years.

To be eligible to access TEC funding from 2013 onwards, all TEOs other than those exempted by this notice are required to submit a proposed Plan. Previous allocation of TEC or Government funding does not create an entitlement to future funding at any level from the TEC.

The length of the proposed Plan will depend on the size and complexity of the submitting TEO.

Plan Content

The proposed Plan must concisely describe:

- the TEO's planning context, including its mission and role and the outcomes to which the TEO intends to contribute;
- the activities and services (including mix of provision) that the TEO will undertake to contribute to these outcomes; and

⁴ *New Zealand Gazette*, 29 March 2012, No.1930, page 1109.

- how the TEO will measure its contribution to outcomes.

The proposed Plan must therefore include the following parts, each of which must clearly connect and align with the others:

(i) Plan Context

The Plan Context must establish the framework for the proposed Plan by presenting the TEO's strategic direction: that is, its particular mission, role and functions, reflecting any changes in response to the Tertiary Education Strategy (TES) priorities and how it intends to give effect to those priorities in the short and medium term.

The Plan Context must give key information about the TEO and its operating environment, including a summary of the nature and scope of the TEO's functions and intended operations over the next three years. It must explain:

- how the TEO intends to respond to Government priorities in the *Tertiary Education Strategy 2010–15*;
- how the TEO intends to identify and respond to the needs of its community of learners and potential learners, industry and employers, and in particular:
 - how it will accelerate improvement of participation and achievement for Māori learners;
 - how it will accelerate improvement of participation and achievement for Pacific learners;
 - how it will accelerate improvement of participation, engagement and achievement of young learners aged under 25; and
 - how it will adapt its provision to support the needs of industry and employers;
- how the TEO has performed against the commitments it made in its last Plan (for TEOs that have previously received Plan funding);
- the findings of any quality assurance reviews; and
- any key changes the TEO is making that are likely to have a significant impact on its educational performance or other outcomes.

For tertiary education institutions (universities, institutes of technology and polytechnics, and wānanga) only, the Plan Context section should also briefly explain how the institution will manage its capital assets to support its mission and role over the period of the proposed Plan (including any new significant capital initiatives).

(ii) Summary of Activity

The Plan must include a Summary of Activity that sets out information on planned delivery over the period of the proposed Plan. The proposed activity must align with and support the achievement of the strategic direction presented in the Plan Context.

The Summary of Activity must include information about:

- planned programmes and activities for which the TEO is seeking Student Achievement Component (SAC) or Industry Training Fund funding, including learner numbers by New Zealand Qualification Framework Level;
- other planned programmes and activities for which funding is sought from the TEC, including learner numbers;
- total TEC funding sought;
- planned learner numbers in more detail, if requested by the TEC, for non-SAC-funded programmes and activities; and
- a brief description of other programmes and activities not funded by the TEC, including significant activities undertaken through subsidiary bodies.

The TEC will provide guidance to TEOs about the format in which they must submit this information.

(iii) Performance Commitments

This section sets out proposed performance commitments that the TEC will use to evaluate the TEO's performance. The TEC will provide all TEOs with information about specific metrics they must use when making certain performance commitments, and in some cases will specify minimum commitments for TEOs.

In addition to the mandatory commitments set by the TEC, TEOs may propose additional commitments as they see fit in the following areas, aligned to their Plan Context and Summary of Activity:

- achievement against the Government priorities in the *Tertiary Education Strategy 2010-2015*;
- meeting the needs of learners, particularly:
 - Māori learners;
 - Pacific learners;
 - young people under 25 years; and
 - learners needing improved literacy, language and numeracy skills;
- meeting the needs of employers, businesses and industry;
- improving performance (including but not limited to educational performance) across TEC-funded programmes and activities;
- any key initiatives and/or changes related to the outcomes the TEO is seeking to contribute to through its proposed Plan, as outlined in the Plan Context.

Particular requirements for Plans of tertiary education institutions

To enable tertiary education institutions to report on performance compared with proposed outcomes in their Statement of Service Performance (SSP), plans of TEIs should include a forecast SSP.⁵

The forecast SSP should be prepared in accordance with Generally Accepted Accounting Practice (GAAP).

The forecast SSP should reflect the full scope of the institution's activities, which will include but not be covered completely by the Performance Commitments.

The forecast SSP should focus on the outputs/services of the institution, and must include measures and visible information about the quality of these services.

The broader Plan should present a clear and structured narrative that describes how the outputs in the SSP contribute to the TEI's proposed outcomes.

The Outcomes Framework agreed with the TEC, or an institution's own outcomes framework, should facilitate this narrative. The TEC expects the narrative to rely on research, such as in the General Social Survey and the Employment Outcomes of Tertiary Education report, showing how outputs aggregated by subsector or qualification levels and areas contribute to high-level outcomes.

Other supplementary information for tertiary education institutions

The TEC may ask tertiary education institutions to provide additional information about their financial outlook to accompany their proposed Plans.

This might include forecast financial statements, capital asset management information, and any other information and explanations needed to fairly reflect the forecast financial operations and financial position of the institution (e.g. information about subsidiaries for which the institution has residual liability).

The TEC may use this additional information when assessing the potential of the institution to meet its proposed performance commitments.

Decision making criteria

These criteria allow the TEC to assess the alignment of an eligible TEO's proposed direction and activities to Government priorities and regional and national need, as well as its capability to deliver on its Plan. The purpose of this assessment is for the TEC to determine which (if any) of the tertiary education programmes and activities in the proposed Plan to fund, and the amount and the period of funding.

TEC will make a holistic judgement on these matters.

For tertiary education institutions only, the TEC will use the following criteria to assess proposed Plans:

- whether the institution's proposed mission and role, and the outcomes the institution intends to contribute to, show an awareness of the institution's place in the regional and national tertiary system;

⁵ Sections 220(2A)(f) and 220(2B) of the Education Act 1989 and section 156 of the Crown Entities Act 2004 refer.

- whether the institution has clearly and accurately identified its key stakeholders, which must include:
 - employers, businesses or industries relevant to the institution's areas of delivery; and
 - learners or prospective learners, in particular those who are Māori, or Pacific, or under the age of 25, or who have low levels of literacy, language, and numeracy;
- how the institution has ascertained the needs of its key stakeholders, including through consultation and the use of statistical information about regional or national demographics and labour market demand;
- how the institution has planned its proposed programmes and activities to respond to the needs of its stakeholders and the priorities of the Tertiary Education Strategy 2010-2015;
- whether the TEC considers that the institution is likely to be able to carry out the programmes and activities (including capital asset management), and contribute to the outcomes, outlined in the proposed Plan;
- whether the TEC considers that the institution's proposed programmes and activities (including capital asset plans) are desirable and appropriate in the context of regional and national need and the proposed programmes and activities of other TEOs;
- whether the institution's proposed performance measures are:
 - relevant, so that they give meaningful information about the institution's performance against its objectives;
 - complete, so that they cover all significant programmes and activities the institution intends to undertake, and all important dimensions of those activities;
 - clearly presented, so that their content and relevance is clear;
- whether the institution's proposed performance commitments are appropriate and achievable, and whether they represent a meaningful improvement on past performance against the objectives of the *Tertiary Education Strategy 2010-2015*, especially with respect to outcomes for priority learner groups;
- whether the institution has performed adequately against current or past Plans, including:
 - whether the institution's educational performance is satisfactory, and whether it meets the upper thresholds of the TEC's Performance Linked Funding framework;
 - whether the institution's financial performance is satisfactory, as determined by the TEC's Financial Monitoring Framework assessment;
 - whether the institution has good management capability in forecasting, planning and implementation, and can provide supplementary information such as capital asset management reporting; and
- whether the institution meets the expectations expressed in this Notice regarding the inclusion of a forecast SSP in its Plan; and

- when assessing programmes and activities through the competitive process for Student Achievement Component funding at level 1 and 2:
 - whether the amount of funding sought for providing level 1 and 2 programmes and activities is the best value for money, having regard to the Government's stated objectives for foundation education, the price proposed by other TEOs, the nature of the proposed programmes and activities (including any costs to students), and regional and national need.

For industry training organisations, private training establishments, community providers and schools only, the TEC will use the following criteria to assess proposed Plans:

- whether the TEO's proposed mission and role, and its proposed outcomes, show an awareness of the TEO's place in the regional and national tertiary system;
- whether the TEO has clearly and accurately identified its key stakeholders, which must include:
 - employers, businesses or industries relevant to the TEO's areas of delivery; and
 - learners or prospective learners, in particular those who are Māori, or Pacific, or under the age of 25, or who have low levels of literacy, language, and numeracy;
- how the TEO has ascertained the needs of its key stakeholders, including through consultation and the use of statistical information about regional or national demographics and labour market demand;
- how the TEO has planned its proposed programmes and activities to respond to the needs of its stakeholders and the priorities of the *Tertiary Education Strategy 2010-2015*;
- whether the TEC considers that the TEO is likely to be able to carry out the programmes and activities, and achieve the outcomes, outlined in the proposed Plan;
- whether the TEC considers that the TEO's proposed programmes and activities are desirable and appropriate in the context of regional and national need and the proposed programmes and activities of other TEOs;
- whether the TEO's proposed performance measures (i.e. the metrics used) are:
 - relevant, so that they give meaningful information about the TEO's performance against its objectives;
 - complete, so that they cover all significant programmes and activities the TEO intends to undertake, and all important dimensions of those activities;
 - clearly presented, so that their content and relevance is clear;
- whether the TEO's proposed performance commitments (i.e. the targets set) are appropriate and achievable, and whether they represent a meaningful

improvement on past performance against the objectives of the *Tertiary Education Strategy 2010-2015*, especially with respect to outcomes for priority learner groups; and

- whether the TEO has performed adequately against current or past Plans, including:
 - whether the TEO's educational performance is satisfactory, and whether it meets the upper thresholds of the TEC's Performance Linked Funding framework;
 - whether the TEO is financially viable and sustainable; and
 - whether the TEO has good management capability in forecasting, planning and implementation; and
- when assessing programmes and activities through the competitive process for Student Achievement Component funding at level 1 and 2:
 - whether the amount of funding sought for providing level 1 and 2 programmes and activities is the best value for money, having regard to the Government's stated objectives for foundation education, the price proposed by other TEOs, the nature of the proposed programmes and activities (including any costs to students), and regional and national need.

When assessing Plans against the criteria, the TEC may use a range of evidence, including, without limitation, the information contained in a proposed Plan, TEC monitoring information (including funding, organisational and financial data), Quality Assurance Bodies' reports, Plan engagement (where applicable), and both national and regional demographic and economic data.

The TEC will also decide whether any conditions or limits on funding approval are required, having regard to appropriations and any relevant funding determinations issued by the Minister for Tertiary Education, Skills and Employment under the Education Act 1989.

Exemptions

The following TEOs are exempted from the requirement to prepare and submit a proposed Plan for funding for 2013 onward:

- schools whose only funding from the TEC is for Gateway;
- TEOs with which the TEC is contracting only pilot initiatives and which receive no other funding from the TEC;
- employers receiving only Workplace Literacy funding from the TEC;
- government training establishments;
- TEOs that receive only the English for Migrants pre-purchased English tuition fees from the TEC; and
- Worldskills New Zealand.

TEOs that receive only Modern Apprenticeships Co-ordinator funding from the TEC are not required to submit a Plan, as this funding is not administered under a funding mechanism that provides for funding via Plans.

Timelines and Processes

The TEC's Plan Guidance and other information to assist TEOs in developing their proposed Plans, including information about timelines and submission processes, will be published on the TEC's website, www.tec.govt.nz.

Dated at Wellington this 26th day of June 2012

Belinda Clark, Chief Executive, Tertiary Education Commission

Gazette notice: *Education (Matters That An Organisation That Has a Plan Must Include in a Plan Summary) Notice*

23 March 2012

PURSUANT to section 159Y of the Education Act 1989 (“the Act”), the Tertiary Education Commission (TEC) gives the following notice:

Title

This notice may be cited as the Education (Matters That An Organisation That Has A Plan Must Include In A Plan Summary) Notice.

Commencement

This notice applies from the date of its publication.

Application

This notice revokes and replaces the Education (Matters That an Organisation That Has a Plan Must Include in a Plan Summary For 2011–2013) Notice 2010⁶.

Content requirements for a Plan summary

In accordance with the requirements of section 159YO(1) of the Act, the TEC prescribes the matters that an organisation that has a Plan must include in a Plan Summary, as follows:

(i) Plan Context

The Plan Context must establish the framework for the proposed Plan by presenting the TEO’s strategic direction: that is, its particular mission, role and functions, reflecting any changes in response to the Tertiary Education Strategy (TES) priorities and how it intends to give effect to those priorities in the short and medium term.

The Plan Context must give key information about the TEO and its operating environment, including a summary of the nature and scope of the TEO’s functions and intended operations over the next three years. It must explain:

- how the TEO intends to respond to Government priorities in the *Tertiary Education Strategy 2010–15*;

⁶ *New Zealand Gazette*, 18 November 2010, No. 154, page 3844.

- how the TEO intends to identify and respond to the needs of its community of learners and potential learners, industry and employers, and in particular:
 - how it will accelerate improvement of participation and achievement for Māori learners;
 - how it will accelerate improvement of participation and achievement for Pacific learners;
 - how it will accelerate improvement of participation, engagement and achievement of young learners aged under 25; and
 - how it will adapt its provision to support the needs of industry and employers;
- how the TEO has performed against the commitments it made in its last Plan (for TEOs that have previously received Plan funding);
- the findings of any quality assurance reviews; and
- any key changes the TEO is making that are likely to have a significant impact on its educational performance or other outcomes.

For tertiary education institutions (universities, institutes of technology and polytechnics, and wānanga) only, the Plan Context section should also briefly explain how the institution will manage its capital assets to support its mission and role over the period of the proposed Plan (including any new significant capital initiatives).

(ii) Summary of Activity

The Plan must include a Summary of Activity that sets out information on planned delivery over the period of the proposed Plan. The proposed activity must align with and support the achievement of the strategic direction presented in the Plan Context.

The Summary of Activity must include information about:

- planned programmes and activities for which the TEO is seeking Student Achievement Component (SAC) or Industry Training Fund funding, including learner numbers by New Zealand Qualification Framework Level;
- other planned programmes and activities for which funding is sought from the TEC, including learner numbers;
- total TEC funding sought;
- planned learner numbers in more detail, if requested by the TEC, for non-SAC-funded programmes and activities; and
- a brief description of other programmes and activities not funded by the TEC, including significant activities undertaken through subsidiary bodies.

The TEC will provide guidance to TEOs about the format in which they must submit this information.

(iii) Performance Commitments

This section sets out proposed performance commitments that the TEC will use to evaluate the TEO's performance. The TEC will provide all TEOs with information about specific metrics they must use when making certain performance commitments, and in some cases will specify minimum commitments for TEOs.

In addition to the mandatory commitments set by the TEC, TEOs may propose additional commitments as they see fit in the following areas, aligned to their Plan Context and Summary of Activity:

- achievement against the Government priorities in the *Tertiary Education Strategy 2010-2015*;
- meeting the needs of learners, particularly:
 - Māori learners;
 - Pacific learners;
 - young people under 25 years; and
 - learners needing improved literacy, language and numeracy skills;
- meeting the needs of employers, businesses and industry;
- improving performance (including but not limited to educational performance) across TEC-funded programmes and activities;
- any key initiatives and/or changes related to the outcomes the TEO is seeking to contribute through its proposed Plan, as outlined in the Plan Context.

Tertiary education institutions should include their forecast Statement of Service Performance (SSP) in their Plan summary.

Nothing in this notice requires an organisation to include in its Plan Summary information which would:

- disclose a trade secret; or
- be likely to unreasonably prejudice the commercial position of the organisation;
or
- prejudice or disadvantage the commercial activities of the organisation.

Dated at Wellington this 23rd day of March 2012

Colin Webb, Deputy Chief Executive, Tertiary Education Commission