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| Exception to fee limits  for new course fees  Application guidelines and application assessment information |

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Every effort is made to provide accurate and factual content. The TEC, however, cannot accept responsibility for any inadvertent errors or omissions that may occur.

An electronic copy of these guidelines is available from the TEC website: <http://www.tec.govt.nz>.

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## 1 Introduction

Following sector consultation, the Minister of Education made changes to Student Achievement Component (SAC) provision at level 3 and above funding determination to limit fees for new courses. This establishes TEC’s previous operational settings that regulated fees for new courses as conditions of funding.

From 13 March 2019, course fees and course costs for new courses must be no more than the 75th percentile from the range of fees for similar courses charged by:

* your organisation, or
* your sub-sector, or
* across the sector.

The highest of the three 75th percentile calculations will apply. When identifying similar courses we consider the course:

* funding category
* New Zealand Standard Classification of Education (NZSCED), and
* equivalent full-time students (EFTS) factor.

In exceptional circumstances, tertiary education organisations (TEOs) can apply for exceptions to fee limits for new courses permitted under ‘The Tertiary Education (conditions setting limits on fees for new courses) Notice 2018’[.](http://www.tec.govt.nz/funding/funding-and-performance/funding/fund-finder/sac-level-3-and-above/qualifications-and-courses/)

The limits on fees applies to fees charged to new courses that receive SAC funding for provision at level 3 and above in all TEOs, including Information and Communications Technology (ICT) Graduate Schools. It excludes any new courses that receive SAC funding for provision at level 3 or above created by a TEO in substitution for an existing course at the same or similar level.

## 2 Applying for an exception

If you seek an exception to fee limits for new courses you must submit the application form along with the financial data template from our [website](https://www.tec.govt.nz/funding/funding-and-performance/funding/fund-finder/student-achievement-component-provision-at-level-3-and-above-on-the-nzqf-fund/qualifications-and-courses/) under ‘Setting fees and course costs for new courses’. You may add further lines into the application form or spreadsheet if you need to provide more information. Financial information must be GST exclusive, in accordance with accepted accounting practice.

For tertiary education institutions (TEIs), the application must be authorised and signed by a delegated authority of the TEI Council. For private training establishments (PTEs), the application must be authorised and signed by the PTE Chief Executive or Board Chair.

These guidelines describe the specific requirements that you must follow. They also indicate the information that you will need to provide to us. The guidelines are not an exhaustive list. You are responsible for providing enough suitable evidence to allow us to make an appropriate decision. Applications not prepared in accordance with these guidelines may be ineligible for assessment.

Section 2 of these guidelines will be used as the primary basis for our assessment of your application. Your application needs to have clear, specific and quantifiable details addressing the key decision points relevant to your application.

You must complete a separate application for each qualification for the course you are applying for.

## 3 Demonstrating your case for exception

To qualify for an exception you must demonstrate to us that you have exceptional circumstances that require an exception. Your application must meet all the following criteria to gain an exception:

1. The TEO can demonstrate that the course is in some way unique or special, for example, that there are no or very few similar courses to compare fees with.
2. The course is aligned to Government’s priorities, as set out in the Tertiary Education Strategy (TES).
3. The course is part of a programme of study that would be financially unviable without a higher fee.
4. Where the course is part of a qualification at levels 3-8 on the New Zealand Qualifications Framework (NZQF) that has been delivered previously, the qualification has a completion rate that meets or exceeds the median performance benchmark for that NZQF level in the previous year.

We may consider information not in your application and may seek to verify anything contained in your application. We will also consider submissions from the relevant student bodies in relation to the assessment criteria.

## 4 Student body engagement

You must also advise any relevant student body of your application so they have an opportunity to provide a submission to us about your application.

* Each TEI must, as a minimum, advise the relevant student body or bodies’ representative on its Council that it is considering an application, with sufficient notice for feedback when the Council discusses the application. The TEI must also provide a copy of its application to the student body or its Council representative when submitting its application.
* A PTE must provide us documentation that it has advised the relevant student body or bodies, **OR** confirm that there is no student body with which it could consult.
* Student bodies should send their submissions direct to the TEC.

## 5 Submitting an application and notification of outcome

Email your application (or student body feedback) to our [Customer Contact Group](mailto:customerservice@tec.govt.nz?subject=[Insert%20Edumis]%20-%20[Insert%20Organisation%20Name]%20-%20Exception%20to%20fee%20limits%20for%20new%20course%20fees%20application), with the subject line   
**“Edumis – Name – Exception to fee limits for new course fees application”** by the below dates.

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| **Submission from TEO deadline** | **Submissions from student bodies deadline** | **TEO advised of final decision** |
| 5.00pm, Wednesday 2 December 2020 | 5.00pm, Monday 7 December 2020 | Early January 2021 |
| 5.00pm, Monday 1 February 2021 | 5.00pm, Monday 8 February 2021 | Early March 2021 |
| 5.00pm, Tuesday 1 June 2021 | 5.00pm, Monday 7 June 2021 | Early July 2021 |
| 5.00pm, Monday 2 August 2021 | 5.00pm, Monday 9 August 2021 | Early September 2021 |

We will acknowledge receipt of applications via email within five business days. You will be notified about the outcome of your application, by email.

## 6 Review of decisions

You, or the relevant student body, may seek a review of our decision if you believe:

* there has been a *substantial misapplication* of the criteria to the information *as supplied* in your application. No new information may be introduced, or
* the process requirements of established Administrative Law as currently applied in New Zealand have not been appropriately followed.

## 7 Criterion One: The course is in some way unique or special

*The TEO can demonstrate that the course is in some way unique or special, for example, that there are no or very few similar courses to compare fees with*

The criterion may be met by uniqueness, or scarcity of alternative national or regional provision. We will also consider reasons why it is required by local employers and stakeholders. You must also describe what the likely impact would be if the course was not able to be offered.

## 8 Criterion Two: Aligned to government priorities

*The course is aligned to Government’s priorities, as set out in the TES*

You must provide evidence that the course is aligned to at least one of the TES priorities[[1]](#footnote-1):

* Delivering skills for industry
* Getting at-risk young people into a career
* Boosting achievement of Māori and Pacific learners
* Improving adult literacy and numeracy
* Strengthening research-based institutions
* Growing international linkages.

You must ensure that setting fees higher than the 75th percentile will not negatively impact on any of these priorities.

## 9 Criterion Three: Financial viability of the programme

*The course is part of a programme of study that would be financially unviable without a higher fee*

In all cases, costings need to include programme level information. You should provide:

* one year of actual data for 2020 (when the course is part of a qualification previously delivered)
* a current year forecast for 2021, and
* forecasts for 2022 for the following, at the relevant level(s), in the financial data template.

For each year in the financial data template, please provide:

* the number of EFTS, the income and the fees charged for the course
* other education and training related income directly attributable
* the costs attributable to the course, along with any explanations for the apportionment/costing for:
* academic and technical remuneration: the direct cost of all staff (full time, part time and contract staff) who undertake academic roles within the course, and all staff who provide technical or similar support to students enrolled in the course, and/or the academic staff teaching that course
* remuneration paid to owners/directors: including directors’ fees and salaries, and any payments for academic services. Note: any academic remuneration paid to owners should be deducted from the total for “academic remuneration”
* operating expenses: the direct operating expenses (e.g. consumables, travel, equipment, maintenance, library and other course and research expenses) which are incurred to support students enrolled or staff teaching the course
* depreciated, amortised and lease expenses: relating to equipment, facilities and space used by (or allocated to) the course
* occupancy expenses: the non-depreciation/lease expenses that relate to building space used (or allocated to) the course
* indirect costs attributable to the course (e.g. central administration charges as costs relating to your organisation as a whole) and explanation of the rationale for the apportionment of these costs
* unusual or non-recurring costs (not accounted for above).

Your application must address the financial impact of not running the course at all.

## 10 Criterion Four: Completion rate meets or exceeds the sector rate

*Where the course is part of a qualification at levels 3-8 on the New Zealand Qualifications Framework (NZQF) that has been delivered previously, the qualification has a completion rate that meets or exceeds the median performance benchmark for that NZQF level in the previous year*

Each course in your application must have its intended qualification meet or exceed the qualification completion rate for the sector to be eligible for an exception.

Your qualification completion rate will be compared to the 2019 cohort-based qualification completion rate (all sectors) for the relevant NZQF group, in line with the table below. The sector qualification completion rate sums the number of completions across all TEOs and divides by the number of learners in the cohort group or level across all TEOs.

Your performance data must be provided in the financial data template.

You need to obtain your qualification completion rate for the intended qualification that your course belongs to via Ngā Kete using the ‘My Performance – SDR App’.

When you are in the app, select the ‘Intended qualification and completed qualification’ sheet. For the reporting year select ‘2019’, for the source of funding select ‘Student Achievement Component’.  You can then select the qualification from the ‘Learners enrolled by intended qualification title’ chart.

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| **NZQF group** | **2019\* cohort-based qualification completion all of sector rate** |
| Level 3 | 64.8% |
| Level 4-7 non-degree | 58.4% |
| Level 7 degree and level 8 | 59.7% |

This criteria is only applicable to courses that are part of a qualification that has been previously delivered. If the course is part of a new qualification not yet delivered, then you can leave the qualification completion rate column blank in the financial data template.

## 11 Checklist

Please ensure your completed application form, and financial data template include:

* your organisation’s contact details
* details regarding the course covered by the application
* discussion of all four exception criteria as outlined in this document
* all necessary supporting information, and
* the declaration at the end of the application form signed by the appropriate person.

## 12 How your application will be assessed

We will use the key decision points in the table below as the primary basis to assess applications. All applications will need to have clear, specific and quantifiable details addressing the key decision points.

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| **Criteria** | **TEC’s key decision points that will be considered** |
| ***Criterion One:***  The TEO can demonstrate that the course is in some way unique or special, for example, that there are no or very few similar courses to compare fees with. | * Does the course’s area of delivery feature strongly in the TEO’s Investment Plan? * Is there evidence of a strong need for the type of education in relation to business or industry needs? * Is this the sole national or regional provision?   Is there evidence that, for vocational related courses:   * The course is directly related to local industry needs? * There is a shortage of these skills, with associated job vacancies? * The students will be going onto employment in an industry related to the education received? * The evidence concerning the value of the course(s) to the community stakeholders are reasonable and evidence is provided to support the arguments? * Evidence concerning the value of the course to local iwi or other Māori groups or local Pacific students, and their communities are reasonable, and supporting evidence is provided. |
| ***Criterion Two:***  The course is aligned to Government’s priorities, as set out in the TES. | * The course(s) aligns with at least one of the key TES priorities. * Outlines what TEO will do to ensure increasing fees will not negatively impact on any TES priorities. * Is there potential to disadvantage students who are part of a group targeted for improved educational outcomes by the TES? |
| ***Criterion Three:***  The course is part of a programme of study that would be financially unviable without a higher fee. | Is the viability of the programme threatened? We will consider:   * Cost estimates seem reasonable and indirect elements are consistent with organisation-level data. * Total costs for course(s) exceed total contribution from the course(s) fees and TEC contribution. * Are the proposed fees significantly more than the fees charged for similar courses by other TEOs? * Is the explanation why costs cannot be met (without an increase in fee) reasonable and plausible? * Is the explanation regarding why fees differ significantly from other TEOs reasonable and plausible? * Are there any key short-term, or one-off expenditure items in 2018 contributing to costs, which are not ongoing or not expected? |
| ***Criterion Four:***  Where the course is part of a qualification at levels 3-8 on the NZQF that has been delivered previously, the qualification has a completion rate that meets or exceeds the median performance benchmark for that NZQF level in the previous year. | The course(s) that the TEO is seeking approval for are part of a qualification that meets or exceeds the 2017 cohort-based qualification completion all of sector rate tabled on page 7 of these guidelines. This only applies where the course is part of a qualification previously delivered. |

1. We will update these when a new TES is issued. [↑](#footnote-ref-1)