

# General Supplementary Plan Guidance for 2013 Plans for all TEOs

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# Introduction

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 noted in the 2013 Initial Plan Guidance that it would release supplementary guidance as required later in 2012.

This document, the **2013 General Supplementary Plan Guidance**, provides supplementary and updated information on various matters for all TEOs funded via Plans.

The TEC will shortly release 2013 Levels One and Two Supplementary Plan Guidance in June. The 2013 Levels One and Two Supplementary Plan Guidance will set 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 the Levels One and Two Supplementary Plan Guidance when it becomes available.

All the TEC's Plan Guidance documents for 2013 should be considered alongside relevant Gazette notices. These notices are currently being revised to reflect changes in funding at levels one and two. The revisions, which are explained in section three of this document, will have no impact on providers not delivering SAC-funded provision at levels one and two.

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 updates TEOs with information about key Budget and policy initiatives that will affect the tertiary sector from 2013, and the TEC's expectations of TEOs with respect to these initiatives. This includes several new Plan requirements from 2013.

Section two provides TEOs with supplementary information on various administrative matters in connection with Plans, including the submission process.

Section three explains the status of two Gazette notices relating to 2013 Plans.

## Section one: Updates on Budget and policy initiatives

The information below supplements the TEC's [2013 Initial Plan Guidance](#) (published in March 2012) and 2013 Levels One and Two Supplementary Plan Guidance (forthcoming).

### **Budget 2012 initiatives**

#### ***Changes to Student Achievement Component (SAC) funding***

Budget 2012 announced changes to the Student Achievement Component (SAC) funding appropriation, which from 2013 will contain a pool of funding for levels one and two of the New Zealand Qualifications Framework (NZQF), and a pool of funding for levels three and above.

The TEC will shortly release Levels One and Two Supplementary Plan Guidance to explain the TEC's proposed method of allocation of the pool at levels one and two of the NZQF from 2013. All TEOs seeking SAC funding at these levels should read the Levels One and Two Supplementary Plan Guidance when it becomes available.

At levels three and above, most SAC funding (90 percent) is divided into subsector pools as previously. However, 10 percent of the fund at levels three and above is not pre-allocated to any particular subsector. The TEC can determine the destination of this funding based on demand and provider performance, and to advance the goals of the *Tertiary Education Strategy 2010-2015*, irrespective of subsector.

The TEC will make allocation decisions about this discretionary 10 percent through its usual investment processes, according to the priorities and considerations set out in the *Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice 2013 No.2* (forthcoming; see section three) and associated Plan Guidance.

#### ***STEM provision***

The TEC's 2013 Initial Plan Guidance indicated that we wanted to hear from TEOs about how the TEC could support the delivery of science, technology, mathematics and engineering (STEM) subjects.

The Government announced in Budget 2012 that it will increase the tuition subsidy funding rates for selected engineering and technology courses by 8.8 percent, and for science courses (the definition of which will be confirmed to the sector shortly) by 2 percent. The TEC will work with providers to target the increase in engineering funding rates.

The TEC would like relevant TEOs to increase their supply of engineering places from 2013, and to engage in additional activities to raise student demand. We may allocate extra equivalent full time students (EFTS) to providers who have a clear plan for attracting new entrants and supporting them through to completion of their professional qualification.

We are likely to ask for additional reporting, alongside single data return (SDR) reporting, from relevant providers in 2013 about their enrolments and activities in support of STEM.

### ***Literacy, Language and Numeracy support***

Since 2008 the tertiary sector has been working towards a 'business as usual' approach towards embedding literacy and numeracy in 2013.

From 2013 there will be no more funding for SAC top-ups for embedded literacy and numeracy. The TEC will require providers to fully embed literacy and numeracy in all courses at levels one to three of the NZQF from 2013, and to assess all learners using the Literacy and Numeracy for Adults Assessment Tool.

Embedded literacy and numeracy should follow a systemic approach. This means embedding literacy and numeracy at an organisation, programme, course and learner level.

The TEC is currently consulting on proposed indicators for literacy and numeracy gain as measured through the Assessment Tool.

### ***Changes to Adult and Community Education***

Budget 2012 announced two key changes to Adult and Community Education (ACE) funding. The first is that universities will no longer receive ACE funding from 2013. This change is to ensure that all Government-funded ACE is targeted at those who benefit most from its focus on engaging people who have not previously had success in education.

The second change will see an increase in the amount of ACE in Communities funding. This funding will manage likely higher demand for developing foundation skills among people who may already have a level two qualification but need assistance with a specific skill.

More information on the allocation process for this additional funding will be made available on the TEC website later this year.

### ***Additional Budget updates***

Budget 2012 or its associated policy announcements also included the following key points to note:

- **Increase in Youth Guarantee places:** The Government will progressively increase the number of fees-free Youth Guarantee places by 3,000 over the next three years.
- **Increases to the Performance Based Research Fund:** The Government will increase the Performance-Based Research Fund by \$12.5 million per annum, so that it reaches \$300 million per annum from 2016 (currently \$250m per annum).
- **Increase in funding rates for Private Training Establishments (PTEs):** Funding rates for private training establishments (PTEs) will increase from 2013. This increase will halve the current funding gap between tertiary education institutions and PTEs, allowing for greater competition within the

tertiary education system regardless of the ownership arrangements. Finalised funding rates for all TEC-funded providers will be published on the TEC website later this year.

- **Aviation:** Aviation (pilot training) has historically received a much lower proportion of its government funding from tuition subsidies than many other fields of study with high costs of delivery. From 2013, the tuition subsidy for aviation will increase by 19.9 percent. This increase will occur by moving relevant courses from funding category C to funding category M of the SAC funding rates – the TEC will work with providers to make this happen. In addition, a student loan fee-borrowing limit per EFTS of \$35,000 will be introduced for aviation students. This limit will apply to new enrolments from 1 January 2013 and aims to improve loan repayment records of aviation students. For more information about the loan borrowing limit, please contact [StudyLink](#).
- **Changes to initial teacher education:** The Government has announced a programme of work to improve the quality of the teaching workforce across the schooling sector, including a proposed graduate-entry requirement and agreed assessment of disposition to teach for initial teacher education (ITE). The Ministry of Education is leading this work on ITE, and is working with tertiary ITE providers to develop these proposals. Please direct any enquiries about the work to [Paul.Aitken@minedu.govt.nz](mailto:Paul.Aitken@minedu.govt.nz) or [Ro.Parsons@minedu.govt.nz](mailto:Ro.Parsons@minedu.govt.nz).
- **Annual Maximum Fee Movement:** The Government has indicated its intention to implement a 4 percent Annual Maximum Fee Movement for 2013, subject to consultation. This is the same limit as applied in 2012.
- **Changes to student support:** Information about changes to Student Loans and Allowances from 2013 can be found on the [StudyLink website](#). The TEC will be in touch with providers about any technical aspects of the changes as required later in 2012.

## Supporting Māori and Pasifika achievement

While progress has been made for Māori and Pasifika, educational outcome disparities have remained the same or widened relative to non-Māori and non-Pasifika.

The [2013 Initial Plan Guidance](#) indicated that the TEC would use two key measures to support Māori and Pasifika achievement from 2013: minimum performance commitments; and additional allocations for providers who deliver good outcomes for Māori and Pasifika learners. These are explained further below.

### ***Performance commitments***

The TEC's analysis of Plan commitments for Māori and Pasifika has identified that performance commitment targets to date have, on average, been set just above the historical rate of improvement. The degree of "stretch" in the targets for participation and educational performance within each sector has varied considerably.

In order to lift performance across the sector, and to ensure that each subsector is contributing effectively to sector-wide goals, the TEC has set performance

commitment targets for TEOs to ensure that Māori and Pasifika students participate and achieve at all levels at least on a par with other learners.

The TEC has set the targets separately for Māori and Pasifika, for participation and achievement at both lower and higher levels of study. The targets reflect the regional or national focus of individual providers or industry groupings for ITOs.

We will expect providers to report separately on Maori performance commitment targets and Pasifika performance commitment targets.

The TEC will explain and discuss the proposed approach with providers during Plan engagement.

### ***Additional SAC allocations***

The TEC wants to reward providers that are demonstrably performing well for Māori and Pasifika, and that are willing to commit to stretch targets for participation, achievement and progression. We are therefore making more SAC funding available to these providers in 2013.

The TEC will provider TEOs with more details about this process during Plan engagement. However, the TEC has decided that, for TEOs to be eligible for additional SAC funding for more Māori and Pasifika places, they must meet most of the following criteria:

- they must have a good track record of performance (i.e. above sector average for participation, course and qualification completion performance at Level 4 and above);
- they must meet or exceed participation targets (based on the proportion of Māori and Pasifika in regional and/or national population, or industry groupings for ITOs, as appropriate);
- they must provide evidence that there is demand for additional SAC investment for more places for Māori and Pasifika learners;
- they must have delivered over 99 per cent of their 2011 SAC funding allocation; and
- they must commit to meeting or exceeding performance targets that represent ongoing performance improvement.

## **Other initiatives**

### ***Participation in the New Zealand Benchmarking Tool***

The Government has announced its intention to make it a condition of funding from 2013 that all tertiary education institutions (TEIs: universities, wānanga, and institutes of technology and polytechnics) participate in the New Zealand Benchmarking Tool from 1 January 2013, and make certain information collected by the tool available to the Ministry of Education to inform policy development from 1 July 2013.

The Ministry of Education is leading this work and will provide more information to TEIs about the requirements shortly.

### ***Course completions: a focus on performance***

The TEC will be talking to TEOs about how to improve outcomes for courses with low course completion rates. Where courses are performing below the expected level of completions, the TEC will ask TEOs, through Plan engagement, to explain the reason for the low completion rates, and (if applicable) how they intend to improve the provision from 2013.

### ***Information for learners***

The TEC indicated in its 2013 Initial Plan Guidance that it would talk with the sector in 2012 about its expectations of TEOs in terms of providing information to learners in 2013 about their study choices and costs. In the coming months, we will work with students and providers to identify the types of information required to best support study choices, and how that information is to be collected and presented.

In addition, the Ministry of Education is currently piloting a project to publish information for students about the post-study employment outcomes of providers' graduates. The TEC hopes that all providers will choose to participate in this project so that students can access a nationwide set of comparable information.

### ***Canterbury renewal plans***

The Government published its draft education plan for Canterbury, *Directions for Educational Renewal in greater Christchurch*, in May 2012. This document will be supplemented by a Canterbury labour market and skills plan later in 2012.

The TEC expects relevant providers to explain in their Plans how they will respond to the direction set out in these documents.

### ***New information resources for TEOs***

The TEC provided data resources via the TEC website in April to support TEOs to develop their Plans. These resources show an overall picture of current education delivery and performance across providers, demographic data by region and nationally, and regional labour market and economic profiles. The information is best suited for broad-brush analysis in relation to Plan preparation, and TEOs should see it as a starting point in the development of their Plans.

The TEC will notify the sector if the data sources are altered or updated.

### ***Industry training review***

The Government will complete its review of industry training later in 2012. The TEC then expects to release further Supplementary Plan Guidance explaining any changes to industry training.

## Section two: Supplementary administrative information

The information below supplements the TEC's [2013 Initial Plan Guidance](#) (published in March 2012) and 2013 Levels One and Two Supplementary Plan Guidance (forthcoming).

### **Submission deadline**

As noted in the TEC's 2013 Initial Plan Guidance, all TEO Plans must be submitted to the TEC no later than **31 August 2012**.

### **Submission process**

#### ***Submitting Mix of Provision and Performance Commitment information***

The process for submitting Mix of Provision and Performance Commitment information for proposed Plans is largely unchanged from last time.

Tertiary education institutions and Industry Training Organisations should submit this information using spreadsheets that the TEC will provide shortly.

PTEs should submit this information using the Plan submission tool accessed through the Online Investment Tool in Workspace.

#### ***Submitting the final Plan***

Tertiary education institutions and Industry Training Organisations should submit their proposed Plan to their Investment Manager via email as last time.

PTEs, schools and community education providers should submit their proposed Plan using the Plan submission tool accessed through the Online Investment Tool in Workspace. They should direct any questions about the submission process to the TEC Service Centre.

### **Plan summaries**

Section 159YO of the Education Act 1989 requires TEOs to make Plan Summaries publically available in accordance with requirements set by the TEC. In practice, this means that TEOs should publish a summary of their Plan online (if they have a website), or have it readily available to send out to enquirers by email or in hard copy.

The TEC published the *Education (Matters That An Organisation That Has a Plan Must Include in a Plan Summary) Notice 2013* in March 2012, setting out the TEC's requirements for TEO Plan summaries from 2013. The notice is currently being revised (see section three), but any changes will be very minor.

The 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.



The TEC will undertake an assessment of Plan Summaries from December 2012, to determine whether they have been prepared and published in accordance with requirements. To support this, TEOs who publish their Plans online should provide the TEC with a hyperlink to the relevant location as soon as the Plan is finalised.

## **Performance Consequences Framework**

For Plans from 2013, the TEC will be using its [Performance Consequences Framework](#) and the [Performance-Linked Funding](#) mechanism to manage quality provision at all TEOs.

The Performance Consequences Framework is a process that assists the TEC to define performance expectations and manage individual TEO performance. The Framework will be updated later this year for full implementation in 2013.

The updated Framework will reflect the [external evaluation and review](#) (EER) process undertaken by the NZQA. This means that [EER provider category status](#) will directly inform how the TEC applies performance consequences to TEOs.

The TEC will pay close attention to EER judgements of Not Confident or Not Yet Confident in both educational performance and capability in self assessment when making funding decisions – particularly where either of those judgements is repeated over the course of two EER visits.

## Section three: Changes to Gazette notices

The TEC published two Gazette notices in March 2012:

- *Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment) Notice 2013*; and
- *Education (Matters That An Organisation That Has a Plan Must Include in a Plan Summary) Notice 2013*.

The TEC is making minor changes to these Gazette notices to accommodate the TEC's new approach to Student Achievement Component investment at levels one and two. The Levels One and Two Supplementary Plan Guidance (forthcoming) will explain the changes and present the revised notices, which will also be re-published in the *New Zealand Gazette*.

The amendments will not affect TEOs who are not delivering SAC-funded courses at levels one and two.