



## Supplementary Plan Guidance, June 2020

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This Supplementary Plan Guidance supports tertiary education organisations (TEOs) to submit an Investment Plan (Plan) for funding for 2021-2023. It also contains important information for TEOs that are exempt from submitting a Plan or parts of a Plan for 2020.

This document takes into account the Government's increased investment in tertiary education to rebuild New Zealand's economy in response to COVID-19. It provides information on:

- › adjusted requirements for this Plan round in response to COVID-19;
- › our investment priorities for 2021-2023, including:
  - Budget 2020 and COVID-19 response initiatives, where they are relevant to the Plan;
  - Responding to industry demand; and
  - Other enduring priority areas;
- › additional funding requests;
- › high level expectations for each subsector in this Plan round;
- › setting indicative allocations; and
- › updated timeline for this Plan round

This document should be read alongside our [Plan Guidance](#) published in December 2019 and the Investment Briefs included in the [Investment Toolkit](#).

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### Adjusted requirements in response to the impact of COVID-19

The disruption caused by the COVID-19 pandemic is having an impact on the way we approach and plan for the investment round for 2021. To reduce your administrative burden and better assist you with your Plans, we have made the following adjustments to the documents required in this Plan round:

#### *Waived requirements*

The requirement to submit a Strategic Intent and/or Education Performance Indicator Commitments (EPICs) has been waived for all TEOs except where legislative and accountability settings require them to be completed. We will be in touch separately with those few TEOs that will be required to complete a Strategic Intent and EPICs. If you would like to submit these despite the waived requirements, please contact your TEC Relationship Manager or Advisor.

We have also waived the requirement for all TEOs receiving more than \$5 million to provide a Summary of Plan Shifts.

#### *Learner success template*

In our [Investment Plan Gazette Notice](#) published in February 2020, we introduced a new requirement for all TEOs submitting Plans and receiving funding over \$5m to complete a [Learner Success template](#) as part of their Plan.

This requirement has now been extended to all TEOs receiving more than \$5 million, even if they are not Plan-required this year. Through this, we want to emphasise the importance of staying focused on learners in COVID-19 responses.

### **COVID-19 response plan**

We envisage the impact of COVID-19 on education and training demand to be broad, but uneven. To assist the TEC and TEOs to achieve a shared understanding of the impacts on each TEO, we ask those TEOs we have identified as likely to be the most affected to develop a short COVID-19 plan detailing the potential impact on 2021 delivery and their plan in response.

The [template](#) for the COVID-19 response plan is also available to all other TEOs to use if they wish to share their post COVID-19 planning with us.

### **Our investment priorities for 2021-23**

Our December 2019 [Plan Guidance](#) and [Investment Toolkit](#) products, including Investment Briefs, outline a number of investment priorities for 2021-2023. These are key areas where we want to increase the sector's contribution to achieving the goals of the [Tertiary Education Strategy](#) (TES) and other government priorities.

The disruption caused by the COVID-19 pandemic, however, has had significant economic and labour market impacts. In response to this event, the Government has established a \$50 billion COVID-19 Response and Recovery Fund. This includes \$1.6 billion in a Trades and Apprentices Package to provide opportunities for New Zealanders to receive vocational and trades training, and re-training for new jobs, at a scale we have never seen before.

Though the economic and labour market context has changed abruptly, our overall vision of a productive, sustainable and inclusive economy still holds true. To ensure a healthy supply pipeline of skills for a high value, knowledge based economy, a number of areas remain priorities in this investment round.

Our investment priorities and the way we will approach 2021 funding are updated in Appendix 1. It also summarises our goals and key success indicators in each area. These reflect the TES, Plan Guidance, Investment Briefs and the Government's commitment to recover and rebuild our economy post COVID-19.

We will use our additional funding processes to identify opportunities for investment aligned to the Government's priorities, and work with you to make Plan amendments, when needed, as the year progresses.

### **Budget 2020 and COVID-19 response initiatives, where they are relevant to the Plan**

This section summarises the areas of priority identified by Budget 2020 and the Government's COVID-19 recovery plan. While developing your Plan, it is worth noting that Budget 2020 reflects the measures taken by the Government in response to COVID-19. These initiatives are time bound and the funding made available for meeting increased learner needs may not become baseline in the future.

Based on the Ministry of Education's [modelling](#), we expect to see a significant increase in learner demand in 2021, driven by the overall changes in New Zealand's economic situation. While learner choices will be key in determining where these extra enrolments occur, our aim in making decisions about where to invest the additional funding that is available in 2021 will be to support growth in the specific subject areas, levels and types of programmes that Government has prioritised.

#### **› Apprenticeship Boost and Targeted Training and Apprenticeship Funding**

The importance of vocational education, already a focus through the Reform of Vocational Education (ROVE), is highlighted in the Government's recovery plan. The Trades and Apprentices Package includes, but is not limited to, financial support for businesses to retain their apprentices, and provide free apprenticeships and training in targeted critical industries. Details on the [Targeted Training and](#)

[Apprenticeship Fund \(TTAF\)](#) can be found on our website, including an up-to-date [FAQ for Learners](#) to guide your decision making. The targeted areas at sub-degree level (excluding Foundation level) covered by the TTAF are:

- Construction
- Electrical Engineering
- Road Transport
- Community Support
- Primary Industries (Food and Fibre)
- Manufacturing and mechanical engineering and technology
- Apprenticeships outside these targeted areas

We will prioritise investment in growing existing quality provision in relevant areas, and new provision in these areas of Government priority where you can clearly demonstrate capability and demand.

› Transitional ITO/Workforce Development Council projects

The Government is also investing in the development of new educational pathways, products and programmes. Funding is available for transitional ITOs and, later, Workforce Development Councils (WDCs) to work with industry and providers to plan, prioritise, and design necessary skills responses, training and pathways. Funding can be used to review skills standards and programme components, along with other related work.

We will prioritise our additional funding to support the outcomes of this work in the immediate term and build it into future Plan Guidance.

› Increasing Adult and Community Education (ACE)

Budget 2020 provides a \$16 million funding increase to build the capability of ACE providers and expand the range of Government-funded ACE programmes to better meet the learning needs of New Zealanders in the post-COVID-19 21st century.

Updates on ACE funding will be published on our [website](#). We will also engage with ACE providers on this provision when further information becomes available.

› Micro-credentials

Micro-credentials enable learners to acquire the skills they need, when they need them, at least cost. This is highlighted as a way for TEOs to consider in responding effectively and swiftly to learners' needs, shifting labour market demand, and changing skill requirements at a time of rising unemployment.

The Micro-credentials Funding Approval Guidelines and Approval Request Form can be found on our [website](#).

### ***Responding to industry demand***

Guided by the Government's rebuild effort and medium to long term economic forecast, we have undertaken analysis to determine specific industries' growth trajectories as a result of the COVID-19. This includes, for example:

- Food and Fibre and Aged Care, which are expected to grow at a higher rate than others;
- Aerospace, Transport and a number of other industries may show some growth but their trajectory is less certain. Most industries fall into this category;
- Tourism and Retail, however, are expected to contract through 2021.

These expected changes in industry demand will also guide our decisions about investment in 2021-2023.

We continue to seek growth in a number of industry sectors as published in the Plan Guidance in December 2019, including Construction and Food and Fibre.

### **Other enduring priority areas**

In addition to meeting industry demands, we continue our commitment to building a healthy education and community workforce and to investing in the future of work. These areas include:

- Science, Technology, Engineering, and Maths (STEM) & Information Technology innovation skills at Level 7 and above;
- Home-based Early Childhood Education (ECE) at Level 4;
- Postgraduate Diploma in Clinical Psychology, and
- Secondary Initial Teacher Education at Level 7 approved by the Teaching Council.

### **Additional funding requests**

As we work together through 2020 and into 2021, we will use the additional funding process to identify opportunities for investment of extra funding over and above your indicative allocations. We recognise that in the current environment the demand picture will continue to evolve after your Plan is finalised and/or your additional funding request is submitted. We will use Plan amendment processes throughout 2020/2021 to support additional grants as needed.

Our assessments of Plans and additional funding requests will be informed by input from Government's key partners, RoVE, and wider regional, industry and learner needs. We will work with you during this time of uncertainty to meet the immediate and medium term priorities. We will look at your additional funding requests at the same time that we consider your Plan. Our decisions will be handled as part of the Plan assessment and funding approval process.

An updated template to make additional funding requests will be available in our [Investment Toolkit](#). A supporting document is also available to provide guidance about this process; the information TEOs need to provide; and how the TEC will assess requests and make decisions. To be considered, all additional funding requests must be made using this template.

### **High level expectations for each subsector in this Plan round**

Budget 2020 makes major investments in jobs and training as we get New Zealand working again after the COVID-19 pandemic. This additional funding puts learners, their whānau and communities at the centre. In making investment decisions, TEC will take into account issues to be addressed in the short, medium and longer term. TEC will also consider the contributions of different subsectors in the rebuild of regional economies as well as that of New Zealand as a whole.

To effectively respond to new employment needs, reduce duplication, and encourage collaboration, we are setting out some high level expectations for each subsector. We ask each TEO to take responsibility for understanding the stakeholders served by their subsector; their own particular areas of expertise; and how they enhance the overall network of provision.

#### **Universities**

Universities provide a wide range of research-led degree and postgraduate education, undertake research in a broad range of fields, including mātauranga Māori, and engage with communities, business, industry, iwi, and the research community in the dissemination and application of knowledge and in promoting learning. We expect university Plans to show that they are outward-facing, contributing to international science, technology and creative endeavours and applying these in New Zealand.

In responding to COVID-19, universities are expected to take into account changing student and employer needs, including those of displaced or at risk workers who are looking to upskill or transition to new careers. We want to invest in flexible learning packages and modes of delivery, and encourage increased university collaboration.

In general, we do not want to invest in Plans or provision at universities that duplicates the roles of vocational education and training providers in sub-degree provision or in new programmes that don't respond to clearly demonstrated demand. We want to see universities focusing on their core mission of knowledge creation and skills development at degree and postgraduate levels, and on research, innovation, and entrepreneurship that creates longer-term opportunities.

### ***New Zealand Institute of Skills and Technology (NZIST) and its subsidiaries***

The NZIST's function includes a variety of vocational, foundation, and higher education and training and a focus on applied and technological research.

The NZIST is expected to lead its subsidiaries to accelerate aspects of RoVE while continuing the core business of each subsidiary to support the immediate response to, and recovery from, COVID-19. We expect the NZIST, leveraging off its scale and areas of excellence, to build an effective nationwide network of provision that can respond to fast changing future demand for skills, learning and work, and meet the needs of its stakeholders.

We want to see a Plan from the NZIST and its subsidiaries that demonstrates a strong relationship with WDCs, transitional industry training organisations (TITOs), other industry organisations, and regional skills leadership groups (RSLGs) to ensure their programmes meet the needs of employers, learners, and communities.

### ***Wānanga***

The wānanga subsector has a continuing role to play in re-engaging students into education, developing learning opportunities (programmes and research) informed and embodied by mātauranga Māori, based on āhuetanga Māori in accordance with tikanga Māori.

People from groups who already experience, or are at risk of, poorer education and employment outcomes are likely to be disproportionately affected by the labour market and social disruption caused by COVID-19. The learners and communities the wānanga sector serves are amongst these groups. We expect wānanga to partner with the NZIST, WDCs and RSLGs, contribute to RoVE and support the upskilling and retraining of learners through their relevant specialised areas of provision.

### ***Transitional Industry Training Organisation***

TITOs have a significant role to play in helping industries and employers to continue to invest in skills development. In particular, we expect TITOs to support the implementation of Government's Budget initiatives for vocational training and apprenticeships and to work collaboratively with NZIST and other providers to develop appropriate education and training responses for their industries and learners. Close connections with providers are crucial to helping learners displaced from apprenticeships and work-based training to continue their education.

In addition to NZIST, TITOs also need to continue to work closely with other providers, and WDCs as they are established, to ensure the transitions of their functions are well planned and supported.

### ***Private Training Establishments (PTEs)***

The PTE sector is diverse in terms of scale of operation, location, culture and areas of educational expertise. Some specialised PTEs have been severely affected by the COVID-19 pandemic due to the impact on the industries or the type of learners they serve.

PTEs have an individual contribution to make in line with their particular capability and should focus on this. We want to see Plans that demonstrate flexibility and responsiveness; working with other providers, WDCs and RSLGs, and contributing to a broad, comprehensive, flexible and effective network of tertiary education provision that meets the needs of stakeholders.

## **Setting indicative allocations**

As in previous years, the main factor determining your 2021 indicative allocating for SAC Level 3 and above is your 2019 value of delivery against your agreed allocation. TEOs that did not deliver 99 percent or more of their 2019

allocation are likely to have reduced indicative allocations for 2021. However, the level of your 2020 allocation for this fund, and expected delivery this year, is also taken into account.

We have also analysed your EPIs for 2019 against the priority shifts in the Investment Briefs for SAC Level 3 and above. We have taken the same approach that we took to using EPIs as for 2019 and 2020 indicative allocations. For some TEOs, this has resulted in reductions to indicative allocations.

Our analysis looks at your SAC Level 3, Level 4-7 (non-degree), and Level 7 (degree) performance against the priority shifts in the Investment Briefs. The focus of these shifts is on provision that effectively supports Māori and Pacific learners to succeed at all levels, and on provision that supports progression from foundation level study to higher levels.

While we are making better use of system information, we are not taking a 'one size fits all' approach. Any adjustments we make to indicative allocations for SAC Level 3 and above based on this EPI analysis recognise that TEOs have unique roles to play, bring different strengths, and have different challenges to overcome.

For most TEOs, our initial indicative allocations for 2021 are based on our usual methodology, which takes into account the factors described above. For SAC and Industry Training funding, we have identified TEOs with significant actual, or likely, reductions in enrolments due to the impact of COVID-19, which has resulted in a 2021 indicative allocation that is lower than the 2020 allocation.

Where your indicative allocation for 2021 is lower than your 2020 funding level, whether this is due to under-delivery, poor EPI performance, or COVID-19 impacts, we will work with you to gain an understanding of your performance, your projected enrolments, and how you propose to change your business plans in response.

## Updated timeline for this plan round

The Plan Guidance published in December 2019 set out the key milestones and indicative timing for this Plan round. Recognizing the impact of the lockdown has had on providers, and the challenges we are all facing, we have updated the timeline below for milestones ahead:

Activity	Indicative timing
All TEOs receiving more than \$5 million provide a summary of planned shifts	Waived
TEC and TEOs engage over Plan development	Ongoing till September 2020
TEC publishes <a href="#">Plan Gazette notice for NZIST</a>	30 June 2020
TEC releases Supplementary Plan Guidance, reflecting policy, funding, and Budget changes (this document)	30 June 2020
TEC provides indicative allocations, and releases the templates for: <ul style="list-style-type: none"><li>Mix of Provision (MoP),</li><li>Education Performance Indicator Commitment (EPIC), and</li><li>COVID-19 response plan</li></ul>	30 June 2020
Plan-exempt PTEs submit MoP templates and any additional funding requests.	17 July 2020
TEOs (other than plan-exempt PTEs) submit the following: <ul style="list-style-type: none"><li>Strategic Intent (if required),</li><li>MoP templates;</li><li>COVID-19 Response Plan template (if requested)*,</li><li>Learner Success Plan templates (for TEOs receiving more than \$5 million in funding and those requested by TEC)*, and</li></ul>	7 August 2020

Activity	Indicative timing
<ul style="list-style-type: none"> <li>Additional Funding templates</li> </ul> <p><i>*The COVID-19 Response Plan and Learner Success Plan are optional for all TEOs other than those specified above.</i></p>	
TEC undertakes further discussions about Plans with TEOs as needed	From 13 August 2020
TEOs submit any changes to their proposed Plans following discussions with TEC	By 8 September 2020
TEC makes funding decisions	October – November 2020
TEOs notified of decisions via Plan funding approval letter	From November 2020
TEC makes first payments	January 2021

## Appendix 1. Priorities for the 2021-2023 Plan round

These two tables provide a summary of our priorities. They reflect the TES, Plan Guidance, Investment Briefs, and other Government priorities.

More information on our broader and more targeted priorities is provided in our [Investment Toolkit](#) and [Plan Guidance](#).

### Broader priorities

Priority Area	Our goals	Key success indicators
Parity of participation and achievement for all learners	<p>By 2022, we want:</p> <ul style="list-style-type: none"> <li>Parity of participation for Māori and Pacific Peoples*</li> <li>Parity of achievement for Māori and Pacific Peoples **</li> <li>Patterns of participation for Māori and Pacific Peoples that will lead to better outcomes</li> </ul>	<ul style="list-style-type: none"> <li>TEO Plan commitments for 2021-2023 will close the gap for Māori and Pacific Peoples in the specific areas where we have set targets in Investment Briefs</li> <li>TEO Plans outline credible initiatives to achieve these commitments in these areas</li> <li>TEOs make real organisational commitment to improve</li> </ul>
Provision with good post study outcomes	<ul style="list-style-type: none"> <li>TEOs use post study outcomes data to inform decisions about the provision they offer</li> <li>Increasing our investment in provision that leads to better outcomes for learners</li> </ul>	<ul style="list-style-type: none"> <li>Growth in provision with better outcomes</li> <li>TEOs shift out of, or improve, areas of provision with poorer outcomes</li> </ul>
TEOs' Plans respond to employer/industry needs	<p>Supporting proposals to change/grow provision that:</p> <ul style="list-style-type: none"> <li>provide evidence of employer/industry need</li> <li>are in areas where we want to increase provision</li> </ul>	<ul style="list-style-type: none"> <li>Growth in provision with high relevance to employers/industries</li> <li>TEOs shift out of areas of provision with lower relevance to employers/industries</li> </ul>
TEOs' Plans respond to specific regional aspirations	<p>Supporting proposals to change/grow provision that:</p> <ul style="list-style-type: none"> <li>provide evidence of regional need</li> <li>are in areas where we want to increase provision</li> </ul>	<ul style="list-style-type: none"> <li>Growth in provision with high relevance to regional needs</li> <li>TEOs shift out of areas of provision with lower relevance to regional need</li> </ul>

\*compared to general population or regional catchment for PTEs/ITPs

\*\* compared to 15-39 year old non-Māori, non-Pacific learners' rates in 2016

## Targeted priorities

Priority Area	Our goals	Key success indicators
<b>COVID-19 response</b>  <i>Targeted areas at sub-degree level (if SAC based, these need to be at Level 3-6) covered by the Targeted Training and Apprenticeship Fund (TTAF)</i>	More people training in industries where demand is expected to grow as the country recovers from COVID-19.	Targeted areas include <ul style="list-style-type: none"> <li>› Construction</li> <li>› Electrical Engineering</li> <li>› Road Transport</li> <li>› Community Support</li> <li>› Primary Industries (Food and Fibre)</li> <li>› Manufacturing and mechanical engineering and technology</li> <li>› Other areas – Apprenticeships outside the targeted areas</li> </ul> A list of qualifications and programmes is available on our <a href="#">website</a> .
<b>COVID-19 response</b>  <i>Growth industries (identified by our analysis of the growth trajectories of industries. Most of these overlap with TTAF priorities and those identified prior to COVID-19, with some different levels of provision.)</i>	Increases in SAC levels 1-6 and ITF funding in areas of provision that have been determined to support industries of growth in response to COVID-19.	Increased provision supporting the following sectors: <ul style="list-style-type: none"> <li>› Food and Beverage</li> <li>› Aged Care</li> <li>› Construction</li> <li>› Primary Industries</li> </ul>
Construction	<ul style="list-style-type: none"> <li>• More learners completing and moving into the industry</li> <li>• A more diverse workforce</li> <li>• Greater parity for apprenticeship completions</li> </ul>	<ul style="list-style-type: none"> <li>• Increased completions in apprenticeships</li> <li>• A reduced parity gap for apprenticeship completions, and</li> <li>• Increases in the number of women entering construction-related trades.</li> </ul> See the <a href="#">Construction Investment Brief</a> on the Investment Toolkit
Food and Fibre (Primary Industries)	We want to: <ul style="list-style-type: none"> <li>• grow key areas of provision</li> <li>• support learners to make the most of the career opportunities in the food and fibre sector</li> </ul>	Growth in: <ul style="list-style-type: none"> <li>• Level 4 apprenticeships and related pathways</li> <li>• Levels 5-6 provision related to management capability in the food and fibre sector</li> <li>• Food and fibre sector-specific degree provision</li> <li>• Food and fibre sector-specific Levels 8-10 provision</li> </ul> See the <a href="#">Food and Fibre sector Investment Brief</a> on the Investment Toolkit
Science, Technology, Engineering, and Maths (STEM) & Information Technology innovation skills	More graduates with skills for the knowledge economy and innovation.	Increases in this provision at Level 7 degree and above.

<b>Priority Area</b>	<b>Our goals</b>	<b>Key success indicators</b>
<i>Home-based Early Childhood Education (ECE)</i>	<p>Government is <a href="#">moving towards</a> all home-based educators holding at least a Level 4 ECE qualification, or Te Ara Tuarua, the Level 5 kōhanga reo qualification.</p> <p>We need to ensure that home-based ECE workforce can access tertiary education to meet the new requirement to have a level 4 qualification.</p>	A shift from TEOs delivering Level 3 to TEOs delivering the relevant Level 4 and Level 5 qualifications.
<i>Clinical psychology</i>	Contributing to a systems approach to the clinical psychology workforce.	Increases in enrolments in Post Graduate Diploma in Clinical Psychology.
<i>Increasing Secondary ITE provision</i>	<ul style="list-style-type: none"> <li>Supporting a high quality, diverse, sustainable teaching workforce</li> <li>An increase in enrolments that lead to growth in the number of Secondary School teaching graduates</li> </ul>	<ul style="list-style-type: none"> <li>TEO plans for 2021-2023 commit to Secondary ITE growth, and outline credible initiatives to achieve these commitments</li> <li>Growth in the number of learners enrolling in Level 7 Secondary ITE programmes approved by the Teaching Council</li> </ul> <p>See the <a href="#">Secondary Initial Teacher Education</a> Investment Brief</p>
<i>Innovative delivery, micro-credentials</i>	We want to invest in well-designed micro-credentials to meet the needs of learners, communities, and industries, and support government priorities.	Growth in micro-credentials that meet stakeholder needs.

## Appendix 2. Priority shift targets set in the Investment Briefs for SAC funding

Level	Ethnic Group	2020 Targets			2022 Targets		
		First year retention rate	Course completion rate	Progression rate from levels 1-3	First year retention rate	Course completion rate	Progression rate from levels 1-3
Level 1	n/a	n/a	72.3%	46.5%	n/a	80.0%	50.0%
Level 2	n/a	n/a	77.1%	48.4%	n/a	80.0%	50.0%
Level 3	n/a	n/a	78.0%	42.0%	n/a	80.0%	50.0%
Level 4 to 7 Non-Degree	Māori	45.6%	77.3%	n/a	55.0%	81.7%	n/a
Level 4 to 7 Non-Degree	Pacific Peoples	48.7%	76.3%	n/a	55.0%	81.7%	n/a
Level 4 to 7 Non-Degree	Non-Māori and non-Pacific	49.7%	n/a	n/a	55.0%	n/a	n/a
Level 7 Degree	Māori	70.3%	84.6%	n/a	76.0%	88.2%	n/a
Level 7 Degree	Pacific Peoples	73.7%	81.2%	n/a	76.0%	88.2%	n/a