



Dr Alan Bollard
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Alan,

Determination of Design of Funding Mechanism: Adult and Community Education

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for Adult and Community Education (ACE).

The determination is set out in the appendix to this letter. The determination covers the funding of provision delivered from 1 January 2026.

Under section 422 of the Act, it is the responsibility of the Tertiary Education Commission (TEC) to develop the details needed to implement my determinations of the design of funding mechanisms.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'P. Simmonds'.

Hon Penny Simmonds
Minister for Vocational Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: ADULT AND COMMUNITY EDUCATION

PRELIMINARY PROVISIONS

Statutory authority

1. This funding mechanism for Adult and Community Education is made under section 419 of the Education and Training Act 2020 (the Act).

Purpose

2. This funding mechanism covers the Adult and Community Education (ACE) Fund.
3. The purpose of the ACE Fund is to purchase provision that provides adults with community-based education, foundation skills, and pathways into other learning opportunities that meet community learning needs.

On-Plan funding

4. The Tertiary Education Commission (TEC) must pay funding for ACE in accordance with section 425 of the Act.

PART ONE: THE FUNDING MECHANISM

General Parameters

Effective period

5. This funding mechanism applies to the funding of eligible ACE programmes delivered from 1 January 2026.
6. The TEC may exercise any of its administrative functions before this date as required to give effect to this funding mechanism.

Available funding

7. The amount of Government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

SPECIFIC PARAMETERS

TEO eligibility

8. The TEC may only fund a tertiary education organisation (TEO) under this funding mechanism for ACE provision if the TEO is one of the following:¹
- a. Te Pūkenga — New Zealand Institute of Skills and Technology
 - b. a wānanga;
 - c. a private training establishment (PTE) that specialises in foundation learning;
 - d. a rural education activities programme (REAP) provider;
 - e. a community organisation; or
 - f. a State, State-integrated or Charter school.

Te Pūkenga and wānanga - funding formula and rate²

9. The TEC must measure ACE enrolments at Te Pūkenga and wānanga in units of equivalent full-time students (EFTS). One (1.0) EFTS unit is defined as 120 credits of full-time study over a single academic or calendar year.
10. The TEC must allocate funding for ACE provision delivered by Te Pūkenga and wānanga at a fixed rate of \$5,297.00 per EFTS (GST exclusive).

Te Pūkenga and wānanga - funding priorities

11. When allocating ACE funding to Te Pūkenga and wānanga, the TEC must prioritise funding for ACE provision that primarily focuses on:
- a. the learning of foundation skills;

¹ If the Education and Training (Vocational Education and Training System) Amendment Bill is enacted before 1 January 2026, paragraph 8 will instead read as follows:

The TEC may only fund a tertiary education organisation (TEO) under this funding mechanism for ACE provision if the TEO is one of the following:

- a. a polytechnic;
- b. the New Zealand Institute of Skills and Technology;
- c. a wānanga;
- d. a private training establishment (PTE) that specialises in foundation learning;
- e. a rural education activities programme (REAP) provider;
- f. a community organisation; or
- g. a State, State-integrated or Charter school.

² If the Education and Training (Vocational Education and Training System) Amendment Bill is enacted before 1 January 2026, paragraphs 9, 10 and 11 will instead refer to “polytechnics, the New Zealand Institute of Skills and Technology, and wānanga”

- b. the re-engagement of learners whose previous learning was not successful; and
- c. the progression of learners into formal tertiary education.

PTEs, REAP providers, and community organisations - funding formula and rates

12. The TEC must determine the appropriate total amount of funding for ACE provision delivered by a PTE, REAP provider or community organisation.

State schools, State integrated schools and Charter schools - funding formula and rates

13. The TEC must allocate funding for ACE provision to State schools, State-integrated schools and Charter schools at a fixed hourly rate (\$11.39 per hour), but only if the school provides a minimum of 6 hours of ACE per learner per year.

Eligible programmes

14. The TEC must require each TEO to ensure that it only receives ACE funding for an eligible learner enrolled in a programme that is designed to do one or more of the following:
 - a. improve employability, such as courses focused on employability or life skills such as financial literacy, and introductory 'taster' courses;
 - b. promote social and cultural inclusion and participation, including but not limited to courses in languages including te reo Māori, New Zealand Sign Language, English Language Teaching, Pacific languages (especially Realm languages), Asian languages, and courses supporting digital inclusion;
 - c. raise foundation skills through courses in literacy, numeracy and/or digital literacy;
 - d. improve health and wellbeing, such as courses in parenting, mental health and resilience, or conflict resolution/anger management.
15. When allocating funding to a TEO under this funding mechanism, the TEC must take into account:
 - a. access to ACE throughout New Zealand;
 - b. connections between ACE provision and the rest of the education system; and
 - c. each TEO's overall portfolio of ACE provision.
16. The TEC must ensure that a TEO only delivers eligible programmes:
 - a. face to face; or

- b. synchronously online (delivered in real time to the learner) where this is in the best interests of the learner/s. TEC must require TEO's to take into account enabling access to education and the TEO's capability to deliver effectively; or
- c. asynchronously with prior written approval of the TEC for another form of delivery due to exceptional circumstances. The prior written approval remains in force unless the approval is revoked by the TEC.

Learner eligibility

17. The TEC must ensure that a TEO only receives ACE funding for a learner enrolled in an ACE programme who is:
 - a. a domestic student as defined in section 10(1) of the Act;
 - b. 16 years of age or over; and
 - c. not a full-time secondary school student.
18. The TEC may allocate funding for ACE provision for a learner who is a domestic student but does not meet the criteria specified in paragraph 18(b) or (c) only if that learner is:
 - a. under the age of 16 years and they participate with adults in family-based provision; or
 - b. a full-time secondary school student:
 - i. who is 16 years of age and over;
 - ii. who receives ACE provision outside of normal school hours;
 - iii. who has obtained approval from the relevant school principal, or person of equivalent authority; and
 - iv. for whom the TEO has obtained approval from the TEC.
19. When allocating funding for ACE provision to a TEO, the TEC must ensure that the TEO will:
 - a. target ACE provision in foundation skills to learners who have low or no formal qualifications (if the TEO receives funding under this funding mechanism for ACE provision in foundation skills); and
 - b. target ACE provision in English Language Teaching to learners who identify as having English language needs (if the TEO receives funding under this funding mechanism for ACE provision in English Language Teaching).
20. The TEC must establish the requirements that TEOs must comply with to verify each learner's identity and eligibility for the purpose of this funding mechanism.

PART TWO: FUNDING CONDITIONS

Conditions that the TEC must attach to funding

21. The TEC must attach the following specific conditions to funding paid under this funding mechanism.

TEOs

22. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, for the length of the funding period, continue to meet the criteria specified in paragraph 8 of this funding mechanism.

Subcontracting

23. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
 - a. not subcontract any of the funded activities without the prior written approval of the TEC and where the TEO is quality assured by NZQA, without the prior written approval of NZQA;
 - b. comply with any conditions imposed by the TEC in a written approval to subcontract;
 - c. ensure that a subcontracted party does not further subcontract any functions; and
 - d. remain accountable for the use of the funding.

Programmes

24. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a programme in which an eligible learner is enrolled:
 - a. continues to meet the criteria specified in paragraph 14 of this funding mechanism; and
 - b. is delivered:
 - (i) face-to-face; or
 - (ii) Synchronously online (delivered in real time to the learner) where this is in the best interest of the learner/s. The TEC must require TEO's to take into account enabling access to education and the TEO's capability to deliver effectively; or
 - (iii) asynchronously, with prior written approval of the TEC for another form of delivery due to exceptional circumstances. The prior written approval remains in force unless the approval is revoked by the TEC.

Learners

25. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each learner who is enrolled in a programme funded under this funding mechanism meets and continues to meet the criteria specified in paragraphs 17 or 18 of this funding mechanism.
26. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, in accordance with the requirements specified by the TEC, verify the identity of each learner enrolled in an eligible programme and confirm that each learner is eligible for the purpose of this funding mechanism.
27. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism and is reporting learners' National Student Numbers under paragraph 31 must provide eligible learners, prior to or during the enrolment process, with a privacy statement that meets criteria set by the TEC about the collection and use of their personal information, and that advises learners that their personal information may be disclosed to the TEC, NZQA, the Ministry of Education, the Ministry of Social Development and Inland Revenue, as appropriate.

TEO responsibilities

28. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, where appropriate, work with local iwi, local organisations, peak bodies, local industry, local employers and communities to identify and meet community learning needs, in relation to each TEO's overall portfolio of ACE provision.
29. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must provide the TEC with access to its premises, employees, and information for the purposes of:
 - a. inspecting the records that the TEO must keep; and
 - b. auditing the TEO's compliance with funding conditions and requirements in the Act.
30. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
 - a. must design and provide ACE programmes that align with the priorities specified in paragraphs 14 and 19, and:
 - i. if the TEO is Te Pūkenga or a wānanga, also align with the priorities specified in paragraph 11; or³
 - ii. if the TEO is a State school, State-integrated school or Charter school, also align with the priorities specified in paragraph 14;

³ If the Education and Training (Vocational Education and Training System) Amendment Bill is enacted before 1 January 2026, paragraph 30(a)(i) will instead read "if the TEO is a polytechnic, the New Zealand Institute of Skills and Technology, or a wānanga, also align with the priorities specified in paragraph 11".

- b. must not use ACE funding to provide programmes to a group or class of secondary school students, even if the programme is provided outside school hours; and
- c. must not use ACE funding to provide professional development courses for ACE educators.

National Student Numbers

- 31. Subject to paragraph 32, the TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism may, if possible, collect each enrolled learner's National Student Numbers (NSNs) and report those NSNs to the TEC for statistical and research purposes.
- 32. The TEC must not attach the condition specified in paragraph 31 to community organisations, PTEs and REAP providers that receive no other funding from the TEC other than funding provided under this funding mechanism.

Fees

- 33. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
 - a. must pay for the essential equipment, infrastructure and hardware required to deliver a particular programme⁴; and
 - b. in relation to the provision of essential equipment, including computers, must not require the costs to be met through the "course-related costs" component of the Student Loan Scheme as a condition of enrolment for students.
- 34. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
 - a. ensure that the level of fees it sets for ACE programmes is not expected to prevent individuals from enrolling in those programmes; and
 - b. charge the same fee to all learners participating in an ACE programme funded under this funding mechanism.

No other funding

- 35. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
 - a. must not (without the TEC's prior written approval) seek or obtain funding from any Crown source other than the TEC to fund provision which is funded under this funding mechanism; and

⁴ The phrase "equipment, infrastructure and hardware" refers to those items that can be used by successive intakes of students. It does not include personal items which are provided for individual student use and which the TEO does not retain for the next intake of students.

- b. must notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of subparagraph (a) of this condition.

Responsible use of funding

- 36. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism, must use the funding:
 - a. lawfully, responsibly, and for the purposes for which it is provided; and
 - b. in a manner consistent with the appropriate use of public funds.

Recovery of funding

- 37. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
 - a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
- 38. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

Repayment of funding following revocation of funding approval

- 39. The TEC must attach to funding a condition that if, in accordance with clause 16 of Schedule 18 of the Act, the TEC suspends, revokes or withdraws some or all of a TEO's funding paid under this funding mechanism before that funding has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown that:
 - a. is repayable on demand; and
 - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.