



MP for Rimutaka

Minister of Education

Minister of State Services

Leader of the House

Minister Responsible for Ministerial Services

21 DEC 2017

Nigel Gould  
Chair  
Tertiary Education Commission  
PO Box 27-048  
Wellington 6141

Dear Nigel

**Supplementary Determination of Design of Funding Mechanism: Student Achievement Component – provision at Level 3 and above on the New Zealand Qualifications Framework**

**Supplementary Determination of Design of Funding Mechanism: Industry Training Fund**

I write to advise you of two new supplementary funding determinations I have made under section 159L of the Education Act 1989, to come into effect from 1 January 2018:

- Student Achievement Component – provision at Level 3 and above on the New Zealand Qualifications Framework and
- the Industry Training Fund. The supplementary determinations are set out in the appendix to this letter.

These new supplementary funding determinations replace those I sent to you on 8 December 2017. The only changes to both documents relate to the assessment of eligibility for fees-free tertiary education for people who have been enrolled in a school in 2017 or 2018 as “returning adult” students. The documents now clarify that a person who enrolls in school as a “returning adult” is not automatically eligible for fees-free tertiary education regardless of their prior study. The documents also allow “returning adult” students to use any fees free entitlement while concurrently enrolled in a school.

Under section 159O of the Act, it is the Commission’s responsibility to develop the operational policy and practices needed to implement my determinations of the design of funding mechanisms. I expect that the Commission will set appropriate measures as part of its Statement of Service Performance in order to report to me on its performance in giving effect to this determination.

Yours sincerely

Chris Hipkins  
Minister of Education

## SUPPLEMENTARY DETERMINATION OF DESIGN OF FUNDING MECHANISM FOR: INDUSTRY TRAINING FUND

### **Background**

1. The Determination of Design of Funding Mechanism: "Industry Training Fund" (the principal determination) was issued in September 2017.

### **Effective date**

2. This Supplementary Determination of the Design of Funding Mechanism: Industry Training Fund (the supplementary funding determination) amends the principal determination with effect from 1 January 2018, and replaces the previous supplementary determination issued on 8 December 2017.
3. Insert new paragraphs after paragraph 47 of the principal funding determination as follows:

### **"Fees-free tertiary education**

- 47A. *Industry trainees that meet eligibility requirements for the fees-free tertiary education (as set out in paragraphs 47C and 47D), and their employers, are not required to pay fees (as defined in paragraph 47G), and instead fees are charged by TEOs to the TEC for payment on the trainee's behalf, relating to the training time period set out in paragraph 47F.*
- 47B. *The eligibility, fees, time periods, and payment arrangements set out in paragraphs 47C-47H will apply to the Industry Training Fund in 2018.*

### **Eligibility**

- 47C. *The TEC must determine which trainees are eligible for the TEC to make fee payments to the TEO on behalf of the trainee, and advise each relevant TEO. An industry trainee is eligible for fees-free tertiary education if the trainee:*
  - a) *is enrolling in a programme that commences from 1 January 2018 that:*
    - i. *is at NZQF Level 3 or above; and*
    - ii. *is approved by NZQA; and*
    - iii. *comprises at least 120 credits (which includes all New Zealand Apprenticeships); and*
  - b) *is not concurrently enrolled in a school at the start date of the programme (except for those enrolled in school as a returning adult student, see paragraph 47H); and*
  - c) *has either:*
    - i. *been enrolled in a school at any time during 2017 or 2018 (all 2017 or 2018 school leavers who meet criteria a and b above will be eligible for fees-free tertiary education*

regardless of any prior tertiary study undertaken), except that a returning adult student (see paragraph 47H) must meet the criteria in paragraph (c)(ii) to be eligible for fees-free tertiary education); or

- ii. prior to 1 January 2018, not undertaken more than half a year of equivalent full-time tertiary education (0.5 EFTS or 60 credits<sup>1</sup>) at Level 3 or above on the NZQF, including tertiary education at an equivalent level undertaken in any other country, but excluding any tertiary education undertaken while enrolled in a school, except for returning adult students (see paragraph 47H).

47D. The TEC may use discretion to determine that a trainee who does not meet all of the criteria in paragraph 47C is eligible for fees-free tertiary education after considering the trainee's exceptional personal circumstances.

47E. The TEC must establish requirements that TEOs must comply with so that the TEC can verify each industry trainee's eligibility for fees-free tertiary education.

#### *Time period to receive fees-free tertiary education payments*

47F. Eligible trainees that commence their industry training programme in the 2018 calendar year will be eligible for their fees to be paid by the TEC on their behalf for the first 24 months of the training programme.

#### *Fees*

47G. For the purposes of paragraphs 47A-47F, "fees" are defined as: fees for training and assessment, including fees paid to ITOs, paid directly to training and assessment providers, or paid as part of fees-charged by group training schemes.

#### *School enrolments*

47H. For the eligibility criteria in paragraph 47C, "returning adult student" means a person over the age of 19 years who has enrolled at a school after at least one year since they left school. For the avoidance of doubt:

- a) returning adult students do not automatically qualify for fees free tertiary education as school leavers under paragraph 47C(c)(i); and
- b) returning adult students can be concurrently enrolled in school and tertiary study and be eligible for fees-free tertiary education; and
- c) tertiary study undertaken while enrolled as a returning adult student must be taken into account as prior tertiary study for the purposes of paragraph 47C(c)(ii) above."

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<sup>1</sup> This includes tertiary education undertaken through the industry Training Fund in terms of credits achieved at Level 3 or above on the NZQF.

## **Part Two: Funding Conditions**

### **Financial contribution**

4. Replace paragraph 53 of the principal funding determination as follows:
  53. *"The TEC must attach to funding a condition that a TEO that receives funding from the Industry Training Fund must ensure that all employers of industry trainees or apprentices who are enrolled with the TEO make a financial contribution towards the cost of each trainee's or apprentice's training and assessment, noting that there may be some specific circumstances where the full financial costs of training and assessment for a trainee could be met by the financial contribution from the Industry Training Fund and the fees-free tertiary education initiative."*
5. Insert new paragraph after paragraph 58 of the principal funding determination as follows:

### **Fees-free tertiary education**

- 58A. *"The TEC must attach to funding a condition that in 2018 TEOs must work collaboratively with the TEC to give effect to the fees-free tertiary education initiative within the Industry Training Fund, and in particular each TEO must:*
  - a) *advise the TEC, if the TEO offers fees-free tertiary education eligible training programmes (see paragraph 47C), of the total applicable amount charged to eligible trainees and their employers for training and assessment in the eligible training programmes;*
  - b) *agree to charge the TEC the actual and reasonable training and assessment fees (as determined by the TEC) for trainees eligible for fees-free tertiary education (see paragraphs 47A-47G), and must not charge trainees or their employers for these fees;*
  - c) *provide information as required by the TEC, to enable the TEC to determine the eligibility of trainees, and must provide information, as required by the TEC, in relation to fees; and*
  - d) *comply with any requirements established by the TEC to enable the TEC to understand the consumption of industry training by eligible trainees."*