

# Hon Chris Hipkins

MP for Remutaka

Minister for COVID-19 Response

Minister of Education

Minister for the Public Service

Leader of the House



1 October 2021

Jenn Bestwick  
Chair  
Tertiary Education Commission  
PO Box 27-048  
Wellington 6141

Dear Jenn

## **Determination of Design of Funding Mechanism: Qualification Development Fund**

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 the Qualification Development Fund.

The new determination is set out in the appendix to this letter. The determination covers funding delivered from 1 January 2022. The new determination includes the ability to fund micro-credentials through the fund.

Under section 422 of the Act, it is the Tertiary Education Commission's (TEC) responsibility 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 be 'CH', representing Chris Hipkins.

**Chris Hipkins**  
**Minister of Education**

# DETERMINATION OF DESIGN OF FUNDING MECHANISM: LEVEL 1–6 QUALIFICATION DEVELOPMENT FUND

## PRELIMINARY PROVISIONS

### *Introduction and statutory authority*

1. This determination, which is made under section 419 of the Education and Training Act 2020 (the Act), specifies the design of the funding mechanism for the Level 1–6 Qualification Development Fund (funding mechanism).

### *Purpose*

2. The purpose of this fund is to support projects for:
  - a) the development and review of qualifications<sup>1</sup> at levels 1-6 on the New Zealand Qualification Framework (NZQF); and
  - b) the development of micro-credentials<sup>2</sup> at any NZQF level that reflect industry or community need.

### *Off-Plan funding*

3. The TEC must pay funding from this fund under section 428 of the Act.

## PART ONE: THE FUNDING MECHANISM

### GENERAL PARAMETERS

#### *Effective period*

4. This funding mechanism relates to funding for activities from 1 January 2022.
5. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before this date.

#### *Available funding*

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

#### *Eligible organisations*

7. The TEC may not fund an organisation under this funding mechanism for the development or review and/or re-development of a qualification at levels 1-6 on the NZQF, unless the organisation is formally approved by the New Zealand Qualifications Authority (NZQA) as a qualification developer.

#### *Eligible projects*

8. Eligible projects must consist of:

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<sup>1</sup> "Qualification" is defined in section 10(1) of the Act.

<sup>2</sup> "Micro-credential" is defined in NZQA's Training Scheme Rules.

- a) the development or review and/or re-development, of a New Zealand qualification or qualifications at levels 1-6 on the NZQF; or
  - b) the development of a micro-credential at any level in line with the NZQA criteria for the approval of micro-credentials.
9. Any projects relating to the development or the review of a New Zealand qualification or qualifications at levels 1-6 on the NZQF must also:
- a) have industry or community support for the development of the qualification or qualifications; and
  - b) demonstrate collaborative arrangements with TEOs (not including TEOs that will receive funding for the project) willing to arrange or deliver training leading to the award of the qualification or qualifications.
10. Any projects relating the development of micro-credentials must demonstrate broad industry or community need and wide-ranging stakeholder support.
11. The TEC must set appropriate criteria and monitoring and evaluation requirements for funded projects, to ensure that the projects provide value for money and contribute to the government's strategic objectives for tertiary education.

## **PART TWO: FUNDING CONDITIONS**

### **General conditions for off-Plan funding**

12. The TEC may impose any conditions on funding paid under this funding mechanism under section 429 of the Act that it considers necessary to ensure that funding will achieve the purpose for which it has been allocated.

### **Conditions that the TEC must attach to funding**

13. The TEC must attach the following specific conditions (detailed in paragraphs 14 to 18) on funding paid under this funding mechanism.

#### ***Eligible organisations***

14. The TEC must attach to funding, a condition that an organisation that receives funding under this funding mechanism must, for the length of the funding period, continue to meet the eligibility criteria set out in paragraphs 7 -10 of this funding mechanism, and to meet any criteria specified by the TEC.

#### ***Projects***

15. The TEC must attach to funding, a condition that an organisation receives funding under this funding mechanism, must only use the funding to develop or review eligible projects as set out in the paragraphs 8-10.

#### ***Responsible use of funding***

16. 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 over-funding***

- 17. 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.
- 18. 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.

***TEC administrative responsibilities***

- 19. If the TEO receives funding under this funding mechanism that is less than it should have been, or less than it was entitled to receive, the TEC must treat the amount of the under-funding as a credit and pay the amount as soon as is reasonably practicable.