



Office of Hon Steven Joyce

Minister for Economic Development
Minister of Science and Innovation
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John Spencer
Chair
Tertiary Education Commission
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Dear John

Determination of Design of Funding Mechanism: Literacy and numeracy provision

I am writing to advise you of the new funding determination that I have made under section 159L of the Education Act 1989 for literacy and numeracy provision.

The new determination is set out in the appendix to this letter. The determination covers the period 1 January 2014 to 31 December 2014.

The important change from the previous funding mechanism for literacy and numeracy funds, is a shift in expectations from a minimum number hours of provision for the Intensive Literacy and Numeracy and Workplace Literacy and Numeracy funds, to an average.

This change is designed to provide an appropriate level of flexibility for providers to meet learner needs. I expect that the Tertiary Education Commission will monitor provider performance in this respect to ensure that provision through these funds retains appropriate intensity. I expect that the Commission will take account of provider performance in this respect in future allocation decisions.

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 designs 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



Steven Joyce
Minister for Tertiary Education, Skills and Employment

DETERMINATION OF DESIGN OF FUNDING MECHANISM: LITERACY AND NUMERACY PROVISION

PRELIMINARY PROVISIONS

Statutory authority

1. This determination, which is made under section 159L of the Education Act 1989 (the Act), specifies the design of the funding mechanism for literacy and numeracy provision (funding mechanism).

Purpose

2. Literacy and numeracy provision is comprised of three funds:
 - a. the Intensive Literacy and Numeracy Fund; and
 - b. the Workplace Literacy and Numeracy Fund; and
 - c. the Adult Literacy Educator Fund.
3. The purpose of these literacy and numeracy provision funds is to:
 - a. increase opportunities for adults to engage in literacy and numeracy learning, particularly for those in low-skilled employment; and
 - b. raise adults' literacy and numeracy skills; and
 - c. improve the quality and relevance of provision, including the ability to identify learner need and learning gain.
4. For the avoidance of doubt, the general parameters and conditions included in this funding mechanism apply to all three funds unless stated otherwise.

On-Plan and Off-Plan funding

5. The Tertiary Education Commission (TEC) must pay funding for literacy and numeracy provision under section 159YA of the Act in relation to tertiary education organisations (TEOs) funded via an investment plan.
6. The TEC must pay funding for literacy and numeracy provision under section 159ZC of the Act in relation to an organisation that is defined under section 159B(1)(c) of the Education Act (such as an employer) and is exempt under section 159U of the Act from submitting a proposed investment plan.

PART ONE: THE FUNDING MECHANISM

GENERAL PARAMETERS

Effective period

7. This funding mechanism is to fund literacy and numeracy provision delivered from 1 January 2014 to 31 December 2014.
8. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism outside those dates.

Available funding

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

TEO quality assurance

10. To be eligible for funding under this determination, a TEO must be quality assured by:
 - a. the New Zealand Qualifications Authority, if the TEO is an institute of technology or polytechnic (ITP), private training establishment (PTE), or wānanga; or
 - b. the New Zealand Vice-Chancellors' Committee, if the TEO is a university; or
 - c. the Education Review Office, if the TEO is a state or state-integrated school.
11. The requirement in paragraph 10 does not apply to an employer that receives funding through the Workplace Literacy and Numeracy Fund.

SPECIFIC PARAMETERS

A. THE INTENSIVE LITERACY AND NUMERACY FUND

Purpose

12. The purpose of the Intensive Literacy and Numeracy Fund is to fund the intensive provision of high quality literacy and numeracy learning opportunities within an appropriately structured environment.

Funding rates

13. The TEC must allocate funding to a TEO at a fixed rate that it must calculate on the basis of a TEO providing an average of 100 hours of literacy and/or numeracy tuition per learner within a 5 to 20 week period.
14. The TEC will monitor the provision under the Intensive Literacy and Numeracy fund, to ensure an average of 100 hours of literacy and/or numeracy tuition per

learner is achieved. Provider performance in respect of this will be used by the TEC to inform future allocations through this fund.

TEO eligibility

15. The TEC must only fund a TEO from the Intensive Literacy and Numeracy Fund; if the TEO:
 - a. is an, ITP, PTE, wānanga, university, or state or state-integrated school and
 - b. has in place an effective assessment process for identifying a learner's literacy and/or numeracy gains, including the use of the Literacy and Numeracy for Adults Assessment Tool; and
 - c. is able to offer a programme or course of intensive literacy and numeracy that will:
 - (i) have measurable literacy and/or numeracy outcomes; and
 - (ii) be taught by appropriately qualified and experienced educators; and
 - (iii) be flexible and tailored to respond to the particular needs of adult learners.

Programme eligibility

16. The TEC must only fund a programme of study or training from the Intensive Literacy and Numeracy Fund if the programme:
 - a. contributes to the Government's priority for literacy and numeracy, as set out in the Tertiary Education Strategy; and
 - b. is of high quality and comprises value for money; and
 - c. enables each learner to use English and/or numeracy skills to meaningfully engage in New Zealand society; and
 - d. is effective in improving each learner's literacy and/or numeracy skills; and
 - e. is able to be tailored to meet the needs of an individual learner.

Learner eligibility

17. The TEC must only fund a TEO from the Intensive Literacy and Numeracy Fund for a learner who:
 - a. is a New Zealand citizen or permanent resident; and
 - b. has low skill levels in literacy and/or numeracy as assessed by the TEO.

B. THE WORKPLACE LITERACY AND NUMERACY FUND

Purpose

18. The purposes of the Workplace Literacy and Numeracy Fund are to:
 - a. increase the literacy and numeracy skills of employees within workplaces; and
 - b. contribute to workplace productivity through the provision and evaluation of literacy and numeracy learning in a workplace context.
19. The purposes can be achieved by:
 - a. providing literacy and numeracy programmes of study or training to employees; and/or
 - b. by supporting workplaces to establish workplace literacy and numeracy support.

Funding rates

20. The TEC must allocate funding to a TEO from the Workplace Literacy and Numeracy Fund at a fixed rate that it must calculate on the basis of a TEO providing an average of 40 hours of literacy and/or numeracy tuition per learner within a 10 to 40 week period.
21. The TEC will monitor the provision under the Workplace Literacy and Numeracy fund, to ensure an average of 40 hours of literacy and/or numeracy tuition per learner is achieved. Provider performance in respect of this will be used by the TEC to inform future allocations through this fund.

TEO eligibility

22. The TEC may only fund a TEO from the Workplace Literacy and Numeracy Fund if the TEO is:
 - a. an ITP, PTE, wānanga, university, or state or state-integrated school; or
 - b. an employer that:
 - (i) is an organisation as defined by section 159B of the Education Act; and
 - (ii) is a body corporate; and
 - (iii) provides literacy and/or numeracy training to a minimum of 50 of its employees.
23. The TEO must have in place an effective assessment process for identifying a learner's literacy and/or numeracy gains, including the use of the Literacy and Numeracy for Adults Assessment Tool.

24. The TEC must only fund a TEO (other than an employer referred to in paragraph 20(d)) to support a specific workplace for a maximum period of two years.
25. If the TEO is an employer referred to in paragraph 22(b), the TEC must only fund the TEO for a maximum period of two years.

Programme eligibility - workplace training

26. The TEC must only fund a TEO from the Workplace Literacy and Numeracy Fund for a programme of workplace training if the programme:
 - a. contributes to the Government's priority for literacy and numeracy, as set out in the Tertiary Education Strategy; and
 - b. is of high quality and represents value for money; and
 - c. enables each learner to use English and/or numeracy skills to meaningfully engage in New Zealand society; and
 - d. is effective in improving each learner's literacy and/or numeracy skills; and
 - e. is able to be tailored to meet the needs of an individual learner; and
 - f. offers high quality literacy and numeracy learning that is tailored to the needs of the workplace; and
 - g. is innovative in addressing the literacy and numeracy needs of the workplace; and
 - h. contributes to the development of sustainable employee literacy and/or numeracy practices within the workplace; and
 - i. has targeted literacy and/or numeracy outcomes that reflect the priorities and needs of the workplace; and
 - j. improves each employee's workplace literacy and/or numeracy skills; and
 - k. has adequate processes for reporting on an employee's progress in improving literacy and/or numeracy skills; and
 - l. is taught by appropriately qualified and experienced educators; and
 - m. has the support of the employer's senior management.

Learner eligibility

27. The TEC must only fund a TEO from the Workplace Literacy and Numeracy Fund in respect of a learner who:
 - a. is a New Zealand citizen or permanent resident; and
 - b. has low skill levels of literacy and/or numeracy; and

- c. is in the paid workforce; and
- d. is not:
 - (i) enrolled as a full-time student at a TEO; or
 - (ii) accessing literacy and/or numeracy training through other TEC-funded literacy and/or numeracy provision or workplace training.

C. THE ADULT LITERACY EDUCATOR FUND

Purpose

28. The purpose of the Adult Literacy Educator Fund is to:
- a. build an effective literacy and numeracy teaching workforce; and
 - b. increase the capacity of educators and trainers to teach adults literacy and numeracy skills, by assisting them to access and complete appropriate qualifications.

Funding rates

29. The TEC must allocate funding to a TEO on the basis of:
- a. a specified number of fees-free places on programmes leading to literacy and numeracy qualifications at level 5 and above on the New Zealand Qualifications Framework (NZQF); and
 - b. the tuition fees charged for enrolment on programmes leading to literacy and numeracy qualifications at level 5 and above on the NZQF.

TEO eligibility

30. The TEC must only fund a TEO from the Adult Literacy Educator Fund if the TEO is a university, ITP, wānanga, or PTE.

Programme eligibility

31. The TEC must only fund a programme of study or training from the Adult Literacy Educator Fund if the programme leads to a literacy and numeracy qualification or qualifications at level 5 and above on the NZQF.

Learner eligibility

32. The TEC must only provide funding to a TEO from the Adult Literacy Educator Fund in respect of a learner who:
- a. is a New Zealand citizen or permanent resident; and
 - b. is 18 years of age or over; and
 - c. has the academic ability to complete the programme of study that leads to an appropriate qualification.

PART TWO: FUNDING CONDITIONS

General Conditions for off-Plan funding

33. The TEC may impose any conditions on funding paid under this funding mechanism under section 159ZC that it considers necessary for ensuring that funding will achieve the purpose for which it has been allocated.

Conditions that the TEC must attach to funding (on- and off-Plan)

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

Tertiary Education Organisations

35. The TEC must attach to funding a condition that a TEO that receives funding for literacy and numeracy provision under this funding mechanism must, for the length of the funding period, continue to meet the criteria specified at:
 - a. paragraph 15 of this funding mechanism, if the funding is from the Intensive Literacy and Numeracy Fund; or
 - b. paragraphs 22 of this funding mechanism, if the funding is from the Workplace Literacy and Numeracy Fund; or
 - c. paragraph 30 of this funding mechanism, if the funding is from the Adult Literacy Educator Fund.
36. The TEC must attach to funding a condition that a TEO (other than an employer) that receives funding for literacy and numeracy provision under this funding mechanism must continue to meet the relevant quality assurance criteria as specified in paragraph 10 of this funding mechanism.

Programmes

37. The TEC must attach to funding a condition that a TEO that receives funding for literacy and numeracy provision under this funding mechanism must ensure that a programme in which an eligible learner is enrolled continues to meet the criteria specified at:
 - a. paragraph 16 of this funding mechanism if the funding is from the Intensive Literacy and Numeracy Fund; or
 - b. paragraph 26 of this funding mechanism, if the funding is from the Workplace Literacy and Numeracy Fund; or
 - c. paragraph 31 of this funding mechanism, if the funding is from the Adult Literacy Educator Fund.

Learners

38. The TEC must attach to funding a condition that a TEO that receives funding for literacy and numeracy provision under this funding mechanism must ensure

that each learner who is enrolled in a programme of study or training meets and continues to meet the criteria specified at:

- a. paragraph 17 of this funding mechanism, if the funding is from the Intensive Literacy and Numeracy Fund; or
- b. paragraph 27 of this funding mechanism, if the funding is from the Workplace Literacy and Numeracy Fund; or
- c. paragraph 32 of this funding mechanism, if the funding is from the Adult Literacy Educator Fund.

Fees

39. The TEC must attach to funding a condition that a TEO that receives funding for literacy and numeracy provision under this funding mechanism must not charge a fee to a learner who is participating in an eligible programme for which a TEO receives funding under this funding mechanism.

Subcontracting

40. The TEC must attach to funding a condition that an employer referred to in paragraph 22(b) that receives funding from the Workplace Literacy and Numeracy Fund under this funding mechanism must not subcontract the provision of a programme of workplace training to a TEO unless:
 - a. the employer receives the TEC's written consent prior to subcontracting; and
 - b. the employer complies with any conditions imposed by the TEC on giving consent to subcontract; and
 - c. the TEO that will deliver the provision has in place an effective assessment process for identifying each learner's literacy and/or numeracy gains, including the use of the Literacy and Numeracy for Adults Assessment Tool.

No other funding

41. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
 - a. not (without the TEC's prior written consent) seek or obtain funding from any Crown source other than the TEC to fund a programme or training scheme which is funded under this funding mechanism; and
 - b. notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of this condition.

Responsible use of funding

42. 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

- 43. 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.
- 44. 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.
- 45. In the case of any TEO located in Christchurch whose capacity as a provider has been affected by the earthquake of 22 February 2011 [or subsequent aftershocks], the TEC may waive the debt repayable by the TEO in full or in part.

TEC administrative responsibilities

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