



## Office of Hon Steven Joyce

Minister of Transport  
Minister for Communications  
and Information Technology  
Minister for Tertiary Education

Associate Minister of Finance  
Associate Minister for Infrastructure

01 OCT 2013

John Spencer  
Chair  
Tertiary Education Commission  
PO Box 27-048  
Wellington 6141

Dear John

### **Determination of Design of Funding Mechanism: Māori and Pasifika Trades Training**

I am writing to advise you of a determination of the design of a funding mechanism, under section 159L of the Education Act 1989 (the Act), for the expansion of Māori and Pasifika Trades training. The new determination is set out in the appendix to this letter. The determination covers the period 1 October 2013 to 31 December 2014. The new funding mechanism reflects my recent Budget 2013 announcement to expand Māori and Pasifika Trades Training.

The focus of the funding mechanism is to enable the fee-top ups to tertiary education providers and brokerage by organisations that are part of consortia delivering Māori and Pasifika Trades training. In taking this decision, I am mindful of Cabinet's intent that tertiary education organisations should provide support for the economic development aspirations of Māori and Pasifika communities, and to be more responsive to employers.

Brokerage funding will be paid to the organisations in the consortia responsible for delivering brokerage services for Māori and Pasifika Trainees. I anticipate that in many cases these organisations will not be members of the tertiary education sector. I note that for high performance of consortia arrangements, it is important for all members to have a strong role to play and interest in the result. I expect the TEC to develop appropriate reporting and accountability arrangements for the payment of brokerage, linked to the successful placement of participants into a New Zealand Apprenticeship.

The funding will also be supplemented by tool grants for participants who enter New Zealand apprenticeships, and tertiary places already in the tertiary education baseline for pre-trades courses. I delegate to the Tertiary Education Commission authority to pay tool grants to trainees in Māori and Pasifika trades training or to partners in the consortia to disburse to trainees. I expect the TEC to develop appropriate reporting on tool grants linked to the successful placement of participants into a New Zealand Apprenticeship.

Under section 159O of the Act, it is the Commission's responsibility to develop the details of how to implement the appended funding mechanism. 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 these determinations.

Yours sincerely



**Steven Joyce**  
Minister for Tertiary Education, Skills and Employment

# **DETERMINATION OF DESIGN OF FUNDING MECHANISM: Expansion of Māori and Pasifika Trades Training**

## **PRELIMINARY PROVISIONS**

### ***Introduction and statutory authority***

1. This determination under section 159L of the Education Act 1989 (the Act), specifies the design of the funding mechanism for the Expansion of Māori and Pasifika Trades Training (MPTT).
2. This funding mechanism enables the Tertiary Education Commission (TEC) to fund tertiary education organisations (TEOs) that are part of consortia participating in the Māori and Pasifika Trades Training initiative.

### ***Purpose***

3. MPTT provides fee-free tertiary places for Māori and Pasifika learners, to enable them to acquire the skills and attributes to take up New Zealand Apprenticeships at New Zealand Qualification Framework (NZQF) level 4 or higher.
4. MPTT funding allocated under this determination is for the fees top-up needed to make the foundation education component of MPTT fee-free, and for brokerage services to facilitate the necessary links with employers and education providers to progress participants into a New Zealand Apprenticeship.
5. The government contribution towards the cost of teaching and learning services is funded through the Student Achievement Component (SAC) and TEOs are to meet these costs through their existing SAC allocations.
6. This funding supplements a grant of \$1,000 to eligible learners to subsidise the cost of tools relevant to their qualification/study after 90 days, payable by any member of a consortia on behalf of the learner. The TEC pays this grant under delegation.

### ***Off-plan funding***

7. The TEC must fund organisations under section 159ZC of the Act.

## **PART ONE: THE FUNDING MECHANISM**

### **General parameters**

#### ***Effective period dates***

8. This funding mechanism is to fund activities from 3 October 2013 to 31 December 2014. The TEC may exercise any of its administrative functions that are necessary to give effect to this funding mechanism outside those dates.

#### ***Available funding***

9. The total amount of Government funding available under this funding mechanism will be set through the Government's annual Budget processes.

### **Fee Top-ups**

#### ***Funding formula and rate***

10. Funding for fee top-ups must be calculated at a rate of \$4,000 per EFTS.

#### ***TEO eligibility***

11. The TEC must only provide funding for fee top-ups under this mechanism to organisations that:
  - a. are part of a consortium that MBIE and the TEC have approved to receive MPTT funding
  - b. are one of the following:
    - (i) a wānanga
    - (ii) an institute of technology/polytechnic
    - (iii) a university
    - (iv) a private training establishment
    - (v) other tertiary education providers.
12. The TEC must only provide funding for brokerage under this mechanism to organisations defined under s159B of the Education Act.

#### ***Qualification eligibility***

13. Funding paid under this mechanism may only be allocated for the purpose of funding fees top-ups for:
  - a. training that leads to a qualification on the NZQF at levels 1-4
  - b. training that forms a pathway to entry requirements for a New Zealand Apprenticeship at level 4 or above on the NZQF.

14. The TEC must not allow MPTT funding to be used to fund a New Zealand Apprenticeship.

#### ***Learner eligibility***

15. The TEC must ensure that fees top-up funding is only paid under this mechanism for learners who are:
  - a. one of the following:
    - (i) domestic students
    - (ii) Australian citizens or Australian permanent residents currently residing in New Zealand
  - b. Māori and/or Pasifika
  - c. aged 18 to 34 years at the time of enrolment
  - d. enrolled in a SAC funded qualification.

#### **Brokerage**

16. Brokerage funding is paid to members of approved consortia at a rate of \$733 per learner.

### **PART TWO: FUNDING CONDITIONS**

#### **General Conditions**

17. The TEC, in funding a TEO eligible for funding under this funding mechanism under section 159ZC of the Act, may impose any conditions on funding that it considers necessary, including, without limitation, conditions for ensuring that funding will achieve the purpose for which it has been allocated.

#### **Standard Conditions**

18. The TEC must impose the following conditions to funding provided to each TEO under this funding mechanism.

#### ***Tertiary Education Organisations***

19. An organisation that receives MPTT funding for fees top-ups must continue to meet all of the eligibility criteria specified in paragraph 11.
20. An organisation that receives MPTT as part of consortia must remain a member of the approved consortia to remain eligible for funding.

#### ***Qualifications***

21. An organisation that receives MPTT funding for fees top-ups must ensure that a qualification in which an eligible learner is enrolled continues to meet the eligibility criteria specified in paragraph 12 of this funding mechanism.

### ***Learners***

22. An organisation that receives MPTT funding must ensure that each funded learner continues to meet the criteria specified in paragraph 14 of this funding mechanism.

### ***Subcontracting***

23. An organisation that receives MPTT funding must not subcontract any of the activities funded under this funding mechanism without the prior written consent of the TEC. The TEO must comply with any additional conditions imposed by the TEC on that consent.

### ***Performance Measures***

24. An organisation that receives MPTT fees top-up funding must meet the minimum performance standards set by the TEC. In the case of study supported by fees top-ups, these will relate to:
- a. course retention
  - b. course completion
  - c. qualification completion.
25. An organisation that receives MPTT brokerage funding must meet performance standards as notified by TEC.

### ***No other use of funding***

26. A TEO that receives MPTT funding must:
- a. not (without the TEC's prior written consent) seek or obtain any 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***

27. An organisation that receives MPTT funding 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***

28. If an organisation receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the organisation 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 organisation.**
- 29. The TEC must provide the organisation with reasonable notice before exercising its right to demand repayment of set-off the debt against all or any funding.**
- 30. If the organisation receives funding under this funding mechanism that is less than it should have been, or that it was entitled to receive, the TEC must treat the amount of the over-funding as a credit and pay the amount as soon as is reasonably practicable.**