



Office of Hon Steven Joyce

Minister for Economic Development
Minister of Science and Innovation
Minister for Tertiary Education, Skills and Employment
Associate Minister of Finance

20 AUG 2014

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

Dear John

Determination of Design of Funding Mechanism: "Equity Funding"

I am writing to advise you of a new funding determination made under section 159L of the Education Act 1989 for Equity Funding.

The new determination is set out in the appendix to this letter, and comes into effect on 1 January 2015.

The policy parameters for Equity Funding in the new determination are unchanged from those in the current determination. However, the new determination requires the Commission to set reporting requirements for institutions in relation to students with disabilities, rather than participation and achievement performance measures. I expect this to increase the breadth of reporting that the Commission receives from institutions in relation to their use of equity funding for students with disabilities.

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: EQUITY FUNDING

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 equity funding (funding mechanism).

Purpose

2. The purpose of equity funding for Māori and Pasifika students is to improve participation in and achievement at the higher levels of the tertiary education system (level 5 and above on the New Zealand Qualifications Framework (NZQF)).
3. The purpose of equity funding for students with disabilities is to improve participation in tertiary education and achievement of qualifications.

On-plan funding

4. The Tertiary Education Commission (TEC) must pay equity funding under section 159YA of the Act.

PART ONE: THE FUNDING MECHANISM

General parameters

Effective period dates

5. This funding mechanism is to fund equity funding from 1 January 2015.
6. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before that date.

Available funding

7. The total funding for allocation under this funding mechanism will be set through the Government's annual budget processes.

TEO eligibility

Māori and Pasifika students

8. The TEC may only provide equity funding in respect of Māori and Pasifika students to a tertiary education organisation (TEO) that receives Student Achievement Component (SAC) funding under the *Determination of Design of Funding Mechanism: Student Achievement Component - provision at level 3 or above on the New Zealand Qualifications Framework*.

Students with disabilities

9. The TEC may only provide equity funding in respect of students with disabilities to a tertiary education institution (TEI) that receives SAC funding under any *Determination of Design of Funding Mechanism* for SAC.

Funding formula and rates

Māori and Pasifika students

10. The TEC must allocate equity funding for Māori and Pasifika students according to the number of Māori and Pasifika equivalent full-time students (EFTS) at each eligible TEO, based on the most recent confirmed calendar year's enrolment levels.
11. The equity funding rates per NZQF level in respect of Māori and Pasifika students are set out below. All amounts are GST exclusive.

NZQF Level	Rate per EFTS
Levels 1-4	\$0
Levels 5-6	\$133.33
Level 7	\$320.00
Level 8 and above	\$444.44

Students with disabilities

12. The TEC must allocate equity funding in respect of students with disabilities to a TEI at a set rate of \$28.60 (GST exclusive) per SAC-funded EFTS¹ at each TEI.

Performance measurement

13. The TEC must set performance expectation measures for TEOs in relation to participation and achievement for Māori and Pasifika students, and must set reporting requirements for TEIs in relation to equity funding in respect of students with disabilities.

¹ This includes all SAC funding, including SAC at NZQF level 3 and above, SAC at NZQF levels 1 and 2 (non-competitively allocated) and SAC at NZQF levels 1 and 2 (competitively allocated).

PART TWO: FUNDING CONDITIONS

Conditions that the TEC must attach to funding

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

Responsible use of funding

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

Recovery of over-funding

16. The TEC must attach to funding a condition that if a TEO receives equity 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.
17. 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.
18. In the case of a TEO located in Canterbury, the TEC may waive in full or in part the debt repayable by the TEO due to over-funding if the TEO has been significantly affected by the earthquake of 22 February 2011 (or subsequent aftershocks).

Repayment of funding following revocation of funding approval

19. The TEC must attach to funding a condition that if, in accordance with section 159YG of the Act, the TEC suspends or revokes 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 and is:
 - a. 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.

TEC administrative responsibilities

20. If a 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 treat the

amount of the under-funding as a credit and pay the amount of the under-funding as soon as reasonably practicable.