



## 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

08 JUL 2014

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

Dear John

### **Determination of Design of Funding Mechanism: Gateway**

I am writing to advise you of the new funding determination that I have made under section 159L of the Education Act 1989 (the Act) for Gateway. The new determination is set out in the appendix to this letter.

The determination covers the period 1 January 2015 to 31 December 2015. This determination is for one year, but, if the changes are successfully bedded in 2015, I may look to move to a two year determination during 2015, when this determination is next considered.

The new funding determination incorporates the two most recent policy changes to Gateway arising from the review of Gateway and STAR, namely:

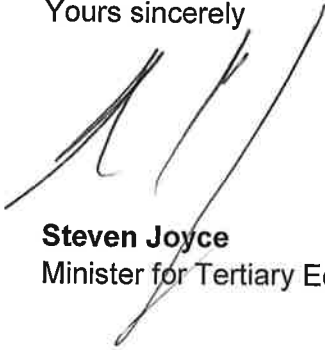
- aligning Gateway to the six Vocational Pathways
- increasing the credit expectations of Gateway learners from 10 credits to 20 credits, to better reflect actual learner achievement and align with the achievement of a Vocational Pathways Award.

I am keen to maintain the high standards the Gateway programme has established over the past 12 years. Gateway has demonstrated that is an effective engagement tool for some learners who without this programme may struggle to achieve NCEA Level 2. I would like the TEC to inform schools of the new Youth Literacy and Numeracy Assessment tool due to be released on 9 July 2014.

I would be grateful if you would alert all Tertiary Education Organisations participating in Gateway of these changes, so any that need to obtain approvals from the New Zealand Qualifications Authority can do so in time for the first term of school which begins on Monday 26 January 2015.

Under section 159O of the Act, it is the Commission's responsibility to develop the details of how to implement the 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

A handwritten signature in black ink, appearing to be 'S. Joyce', written over the typed name.

**Steven Joyce**

Minister for Tertiary Education, Skills and Employment

# **DETERMINATION OF DESIGN OF FUNDING MECHANISM: GATEWAY**

## **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 Gateway.

### ***Purpose***

2. The purpose of funding Gateway provision is to enable state or state-integrated New Zealand secondary schools to give senior students opportunities to access quality, structured, workplace learning that is integrated with school-based learning. Students have their learning assessed in the workplace and can achieve credits towards qualifications on the New Zealand Qualifications Framework (NZQF) (particularly at level 1 or 2), and the National Certificate of Educational Achievement (NCEA).

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

3. The Tertiary Education Commission (TEC) must pay Gateway funding under section 159ZC of the Act.

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

### **General parameters**

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

4. This funding mechanism applies to funding for provision from 1 January 2015 to 31 December 2015.
5. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism outside of these dates.

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

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

#### ***Funding formula and rates***

7. The TEC must fund a tertiary education organisation (TEO) for the number of eligible students enrolled in the Gateway programme, up to the number of students and their learning hours agreed between the TEO and the TEC.
8. The TEC must determine funding rates for Gateway provision from time to time and notify the rates to eligible TEOs.

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

9. The TEC may only fund a TEO under this funding mechanism if the TEO is:
  - a. a state or state-integrated New Zealand secondary school; and
  - b. is quality assured by the Education Review Office.

***Eligibility of students***

10. The TEC must ensure that a TEO only receives funding that is allocated under this funding mechanism for eligible students.
11. To be an eligible student, the student must be:
  - a. a domestic student as defined in section 159 of the Act; and
  - b. enrolled at a state or state-integrated New Zealand secondary school; and
  - c. year 11 or above (a senior student).

***Eligible programmes***

12. The TEC must ensure that a TEO that receives under this funding mechanism only uses that funding for a programme of study or training that:
  - a. leads to credits that contribute to the award of a NCEA and/or a qualification on the NZQF; and
  - b. allows each eligible student to participate in structured workplace learning, including the assessment and recognition of that learning in the form of credits; and
  - c. integrates workplace learning with each eligible student's wider course of study.
13. The TEC must encourage TEOs offering Gateway programmes to closely align the programmes and their credits to one or more of the following six Vocational Pathways:
  - a. Primary Industries;
  - b. Service Industries;
  - c. Social and Community Services;
  - d. Manufacturing and Technology;
  - e. Construction and Infrastructure; and
  - f. Creative Industries.
14. The TEC must encourage TEOs offering Gateway programmes to use the youth option of the Literacy and Numeracy for Adults Assessment Tool to identify the literacy and numeracy needs of each student enrolled in a Gateway programme (as appropriate), and measure the student's progress.

15. It is expected that, on average, eligible students on Gateway programmes should aim to achieve 20 NZQF or NCEA credits, drawn from the Vocational Pathways.

## **PART TWO: FUNDING CONDITIONS**

### **General Conditions**

16. The TEC, in funding an eligible school 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 provided.

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

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

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

18. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must meet, and for the length of the funding period, continue to meet, all the eligibility criteria specified in paragraph 9 of this funding mechanism.

### ***Students***

19. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each eligible student who is enrolled in a Gateway programme meets and continues to meet the criteria specified in paragraph 11 of this funding mechanism.

### ***Programmes***

20. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a Gateway programme in which an eligible student is enrolled meets and continues to meet the criteria specified in paragraph 12 of this funding mechanism.

### ***TEO responsibilities***

21. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
  - a. must not use funding provided under this funding mechanism to:
    - (i) fund the cost of school space; nor
    - (ii) fund school office or administrative services other than services specifically for Gateway provision; and
  - b. must not charge a tuition fee, or course or equipment costs to a student in Gateway for his or her programme of study or training<sup>1</sup>; and

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<sup>1</sup> Any limits on fees for further years will be determined by way of a supplementary funding mechanism to be issued in the preceding year. It is likely that this fund will continue to remain fees-free.

- c. must ensure that each student has the equipment necessary for his or her work placement, including tools, equipment, safety clothing and tuition material; and
  - d. must comply with all administrative requirements specified by the TEC; and
  - e. must ensure that each employer is aware of its employer obligations and that the workplace is appropriate for structured workplace learning; and
  - f. must ensure that each student is aware of his or her obligations as an employee; and
  - g. must meet minimum performance standards specified by the TEC.
22. The TEC must attach to funding a condition that a TEO that receives Gateway funding under this funding mechanism must provide the TEC with access to its premises, employees, and information for the purposes of:
- a. inspecting the records that the TEO must keep; or
  - b. auditing the TEO's compliance with funding conditions and requirements in the Act.

***No other funding***

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

***Responsible use of funding***

24. 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 the funding is provided; and
  - b. in a manner consistent with the appropriate use of public funds.

***Recovery of over funding***

25. 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.

26. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against any or all funding.

***TEC administrative responsibilities***

27. 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.