



MP for Rimutaka

Minister of Education

Minister of State Services

Leader of the House

Minister Responsible for Ministerial Services

Nigel Gould
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Nigel,

Determination of Design of Funding Mechanism: Student Achievement Component – Provision at Level 3 and above on the New Zealand Qualification Framework

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), the Student Achievement Component – Provision at Level 3 and above.

The new determination is set out in the appendix to this letter. The determination covers the funding of provision delivered from 1 January 2020. The new determination includes:

- a 1.8 percent increase to all funding rates specified in the determination;
- an extra increase for initial teaching education on top of the 1.8 percent increase;
- an increase in funding for clinical psychology provision by shifting its funding classification to category V3.

Under section 159O of the Act, it is the Commission's responsibility to develop the details needed to implement my determinations for the design 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,

A handwritten signature in blue ink, appearing to be 'CH', representing Hon Chris Hipkins.

Hon Chris Hipkins
Minister of Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: STUDENT ACHIEVEMENT COMPONENT – PROVISION AT LEVEL 3 AND ABOVE ON THE NEW ZEALAND QUALIFICATIONS FRAMEWORK

PRELIMINARY PROVISIONS

Statutory authority

1. This funding determination is made under section 159L of the Education Act 1989 (the Act), and specifies the design of the funding mechanism for Student Achievement Component (SAC) provision at level 3 and above on the New Zealand Qualifications Framework (NZQF).

Purpose

2. SAC funding contributes towards the provision of teaching and learning services for enrolled students at tertiary education organisations (TEOs).
3. The SAC comprises the following two funds:
 - a. provision at levels 1 and 2 on the NZQF¹; and
 - b. provision at level 3 and above on the NZQF.

On-plan funding

4. The Tertiary Education Commission (TEC) must pay funding allocated under this funding mechanism in accordance with section 159YA of the Act.

¹ For the requirements regarding the funding of provision relating to qualifications at levels 1 and 2 on the NZQF, refer to: “*Determination of design of funding mechanism: Student Achievement Component – provision at levels 1 and 2 on the New Zealand Qualifications Framework*”.

PART ONE: THE FUNDING MECHANISM

General parameters

Effective period dates

5. This funding mechanism is to fund provision from 1 January 2020.
6. The TEC may exercise any of its administrative functions before 1 January 2020 as required to give effect to this funding mechanism.

Available funding

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

Flexible funding

8. The TEC must establish criteria, based on minimum thresholds for organisational and educational performance, for determining under which circumstances a TEO qualifies for the additional funding described in paragraph 11 (a "qualifying TEO").
9. However, a TEO is not a qualifying TEO unless the minimum number of equivalent full-time students (EFTS) that it is approved by TEC to deliver is 20 EFTS.
10. The TEC must allocate additional funding, over and above that approved through investment plans, to qualifying TEOs in the following circumstances:
 - a. if the TEO is a:
 - i. a tertiary education institution (TEI); or
 - ii. a rural education activities programme (REAP) provider,
the value of provision actually delivered by the TEO, as measured in dollars, is greater than the value of their approved funding allocation; or
 - b. if the TEO is a private training establishment (PTE), the value of provision actually delivered by the PTE, as measured in dollars, that is specified in the qualifying TEO's funding approval (being the value of provision measured in dollars for which TEC allocates funding and the value of provision measured in dollars for which TEC does not allocate funding) is exceeded.
11. If a qualifying TEO meets the criteria specified in paragraph 10, the TEC must pay the TEO up to the following limits, either:
 - a. 2% of the qualifying TEO's approved funding allocation; or
 - b. 10 EFTS,whichever is greater.

12. The TEC may establish criteria to allocate funding above the additional funding limits specified in paragraph 11, provided the TEC has assessed whether the funding available is sufficient for the TEC to provide funding above these limits.

TEC administrative responsibility in the case of under-funding

13. If a TEO receives funding under this funding mechanism that is less than it should have been, or than what 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.

Funding formula and rate(s)

14. The TEC allocates SAC funding under this funding mechanism for the relevant programmes and activities at level 3 and above on the NZQF that are specified in a TEO's proposed investment plan or equivalent arrangement.
15. For the purposes of calculating the value of a TEO's approved SAC funding, the TEC must use a metric comprising:
 - a. the number of valid domestic student enrolments, measured in EFTS; and
 - b. the qualifications, and their component courses, in which students are enrolled, and the assigned course classifications, funding categories, and funding rates of those qualifications and component courses.

Valid domestic enrolments

16. For the purpose of this funding mechanism, the term "valid domestic enrolment" refers to the enrolment of a student who is:
 - a. one of the following:
 - i. a domestic student²; or
 - ii. an Australian citizen or Australian permanent resident currently residing in New Zealand; and
 - b. either:
 - i. aged 16 years and over; or
 - ii. aged under 16 years and meets the criteria determined by the TEC; and
 - c. studying in New Zealand, unless the student meets the criteria in paragraph 19; and
 - d. has paid or committed to pay their fees (if fees apply).
17. The TEC must establish criteria for determining under which circumstances a student can be considered to be a valid domestic enrolment, where the student:

² For the definition of domestic student, refer to section 159 of the Act.

- a. is aged under 16 years; or
 - b. has not paid their fees (if fees apply).
18. The TEC must establish the requirements that TEOs must comply with to verify each student's identity, and confirm that a student is a valid domestic enrolment.

Eligibility for students studying outside of New Zealand

19. A student studying outside of New Zealand is a valid domestic enrolment only if:
- a. the student is:
 - i. a domestic student as defined by section 159 of the Act, including regulations made under section 159(4) of the Act; and
 - ii. enrolled in a course(s) leading to the award of a recognised qualification offered by a New Zealand TEO; and
 - b. the student meets the following criteria if they are studying at an overseas campus or delivery site (irrespective of whether they are enrolled at the TEO's New Zealand campus or overseas campus):
 - i. enrolled at a New Zealand TEO in a programme leading to the award of a qualification at level 7 or above on the NZQF; and
 - ii. the study outside New Zealand is full-time and face-to-face (i.e. not an extramural enrolment) in an approved country identified on the Education New Zealand website; and
 - iii. is undertaking part (but not all) of the programme outside New Zealand.

Inducements

20. Even if a student meets the criteria specified in paragraph 16, the enrolment is not a valid domestic enrolment for the purposes of this funding mechanism if it has been secured by way of an inducement.
21. An inducement may include a financial incentive or ongoing personal possession of physical items where they induce a student to enrol.
22. The TEC must establish criteria for determining what constitutes an inducement.

The metric

Measurement of enrolments

23. The TEC must measure valid domestic enrolments in units of EFTS. One (1.0) EFTS unit is defined as the student workload that would normally be carried out by a student enrolled full-time in a single academic or calendar year.

24. The TEC will determine the EFTS value of each qualification and its components based on published criteria. These criteria should reflect the principle that the TEC, in setting EFTS values, will take into account both the inputs and the outputs of the learning process.

Course classification: "1-39 Classification Prescription"

25. A TEO must assign each of its courses to a course classification listed in Table 1, "Course Classification Prescription", of Appendix 1. The content of the course (rather than its name) must determine the assignment.
26. The TEC must validate each TEO's assignment of its courses to the appropriate course classification.

Funding categories

27. The TEC must assign each course classification to a funding category in accordance with Tables 2 and 3 of Appendix 1. Each category must have:
 - a. an alphabetic code, which applies to groups of courses according to their course classifications; and
 - b. a numeric code that reflects the level of study.
28. In relation to course classification #22.1, "Vocational Training for Industry", the TEC must categorise courses according to their subject content.
29. The funding category codes are set out in Table 2, "Funding categories: alphabetic code" of Appendix 1, and Table 3, "Funding categories: numeric code" of Appendix 1.

Funding rates

30. The TEC must apply the per-EFTS funding rates for TEOs, as set out in Table 4, "Funding rates" of Appendix 1.

TEO eligibility

31. The TEC may only fund a TEO under this funding mechanism if the TEO is one of the following:
 - a. a TEI, namely:
 - i. a university;
 - ii. an institute of technology and polytechnic (ITP);
 - iii. a wānanga; or
 - b. a PTE; or
 - c. a REAP provider.

TEO quality assurance

32. To be eligible for funding under this funding mechanism, a TEO must be quality assured by:
- a. the NZQA, if the TEO is an ITP, a wānanga, a PTE, or REAP provider; or
 - b. the New Zealand Vice-Chancellors' Committee, if the TEO is a university.

Eligibility of students

33. The TEC must ensure that the SAC funding paid to a TEO under this funding mechanism is only used for programmes of study or training for valid domestic student enrolments, as defined in paragraphs 16 to 19.

Eligible programmes and qualifications

General matters

34. The TEC must ensure that the SAC funding paid to a TEO under this funding mechanism, is only used for a course that:
- a. is part of a programme that:
 - i. leads to the award of a qualification at level 3 to 10 on the NZQF; and
 - ii. has been quality assured by either NZQA or the New Zealand Vice-Chancellors' Committee (where appropriate); or
 - b. is part of a training scheme that:
 - i. leads to an award that is not a qualification listed on the NZQF; and
 - ii. has been quality assured.
35. The TEC must publish criteria for determining whether a training scheme has been quality assured.
36. The TEC must restrict the availability of training schemes, including certificates of personal interest and certificates of proficiency, by developing criteria limiting the eligibility of related courses or programmes for SAC funding at level 3 and above on the NZQF.

Specific matters

Health-related professional qualifications

37. The TEC may allow SAC funding paid to a TEO under this funding mechanism to be used for courses that are part of a programme leading to the award of a post-entry health-related professional qualification that:
- a. is of an academic or research nature; and
 - b. has a clinical component of 30% or less within the total qualification.

38. The TEC must ensure that SAC funding paid to a TEO under this funding mechanism is not used for courses that are part of a programme leading to the award of a post-entry health-related professional qualification that has:
- a. a clinical component of more than 30% within the total qualification; and
 - b. either:
 - i. a requirement for clinical education and training; or
 - ii. an emphasis on specialist clinical professional skills.

Health and safety and regulatory compliance learning

39. The TEC must ensure that SAC funding paid to a TEO under this funding mechanism is not used for a programme of study or training where the TEC considers on reasonable grounds that a majority of the programme of study or training relates to health and safety or regulatory compliance learning.

Cap on high-cost provision

40. The TEC must ensure that SAC funding paid under this funding mechanism is not used for specified high-cost provision across all sub-sectors above the following caps:
- a. aviation (qualifications that includes an in-flight training component): 450 EFTS;
 - b. dentistry (intermediate) year 1 intake: 60 EFTS;
 - c. medical undergraduate year 1 intake: 539 EFTS;
 - d. specialist large animal science total enrolment over all years: 70 EFTS;
 - e. veterinary science year 1 intake: 100 EFTS.
41. The TEC must ensure that 10 EFTS the dentistry (intermediate) year 1 intake are used for students of rural origin, as defined by the TEC.
42. The TEC must ensure that SAC funding paid to a TEO under this funding mechanism does not exceed a maximum EFTS value of 4 EFTS for doctoral study.

PART TWO: FUNDING CONDITIONS

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

Tertiary education organisations

44. 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 of the eligibility criteria specified in paragraphs 31 and 32 of this funding mechanism.

45. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
- a. not subcontract any of the funded activities without the prior written consent of the TEC; and
 - b. comply with any conditions imposed by the TEC on a consent to subcontract; and
 - c. ensure that a subcontracted party does not further subcontract any functions; and
 - d. remain accountable for the use of the funding.

Students and enrolments

46. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each eligible student meets and continues to meet the criteria specified in paragraph 33 of this funding mechanism.
47. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must not:
- a. restrict enrolment in programmes and training schemes funded under this funding mechanism on the basis of private advantage (for example, enrolment being restricted to the TEO's employees only); or
 - b. secure or seek to secure a valid domestic enrolment through offering of an inducement, as specified in paragraphs 20 to 22.
48. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must verify a student's identity, and confirm that a student is a valid domestic enrolment in accordance with the requirements developed by the TEC.

Reporting withdrawals to Ministry of Social Development

49. The TEC must attach a condition of funding that a TEO that receives funding under this mechanism report the withdrawal of students to the Ministry of Social Development within five working days of each withdrawal. This is to enable student loans and student allowances to be cancelled as soon as possible.

Courses, programmes and qualifications

50. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a course in which an eligible student is enrolled meets and continues to meet the criteria specified in paragraph 34 of this funding mechanism.
51. The TEC must attach to funding a condition that a TEO must not use funding paid under this funding mechanism to fund a programme of study or training where a majority of the programme of study or training relates to health and safety or regulatory compliance.

52. The TEC must attach to funding a condition that a TEO must comply with any restriction set by the TEC on the availability of training schemes, including certificates of personal interest and certificates of proficiency.

High-cost provision

53. If the TEC allocates funding to a TEO for high-cost provision, the TEC must attach the following condition or conditions to funding:

All high-cost provision

54. A TEO must not use funding provided under this funding mechanism to fund high-cost provision, as specified in paragraph 40, above the volume of EFTS for that provision at the TEO that the TEC has agreed to fund.

Aviation

55. A TEO that is allocated EFTS for aviation provision that includes an in-flight training component (pilot training) must supply the Ministry of Social Development with the correct student enrolment information, through the Verification of Study system, that ensures that:
- a. annual student loan fee borrowing for any pilot training student does not exceed:
 - i. \$35,000 per EFTS, if not eligible for Fees Free Tertiary Education, as set out in paragraphs 61 and 62 and in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education and issued under section 159F(1)(e) of the Act; or
 - ii. \$35,000 per EFTS, less the amount payable to a TEO by the TEC on behalf of the student for fees in accordance with criteria set out in paragraphs 61 and 62 and in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education and issued under section 159F(1)(e) of the Act; and
 - b. where a pilot training student is studying part-time, annual student loan fee borrowing does not exceed the proportion of \$35,000 that is represented by the proportion of an EFTS course load that is being undertaken by the student, less any fees payment made by the TEC on behalf of the student (as set out in paragraphs 61 and 62 and in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education). For example, if a student is studying 0.4 EFTS units in the year, the student loan borrowing limit will be \$14,000. For those eligible for the Fees Free Tertiary Education payment, the student loan borrowing limit for 0.4 EFTS units in the year would be \$14,000, less the amount payable to a TEO by TEC on behalf of the student for fees.

Dentistry (intermediate) year 1 intake

56. A TEO that is allocated EFTS for the dentistry (intermediate) year 1 intake for students of rural origin must only use the funding in respect of students who are of rural origin.

Fees and associated course costs

57. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:
- a. must pay for the necessary equipment, infrastructure and hardware required to deliver a particular course or qualification³; and
 - b. in relation to the provision of essential equipment, including computers, diving hardware, and chainsaws, must not:
 - i. include the costs in any fees, compulsory course costs, or compulsory student services fees, charged to students; or
 - ii. require the costs to be met through the “course-related costs” component of the Student Loan Scheme, as a condition of enrolment for students; and
 - c. must not meet the costs of overseas travel for students through the use of funding obtained under this funding mechanism or via the Student Loan Scheme, unless the overseas travel is academically essential.
58. For the purposes of paragraph 57(c) of this funding mechanism, the TEC must develop guidelines determining when overseas travel is academically essential.
59. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must comply with the Fee Regulation Settings, as specified in Part Three of this funding mechanism.
60. Any limits on fees for further years will be determined by way of a variation to the funding mechanism.

Fees Free Tertiary Education

61. The TEC must attach to funding a condition that a TEO must not charge an eligible student an amount in respect of fees (as defined by any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education and issued under section 159F(1)(e) of the Act) otherwise payable by the student if the TEC has advised the TEO that the TEC will:
- a. if the TEO is not a PTE, pay that amount to the TEO in respect of fees on behalf of the student; or
 - b. if the TEO is a PTE, compensate the PTE for that amount in respect of fees forgone as a result of the condition required to be imposed under this paragraph.
62. For the purposes of the condition that the TEC must impose under paragraph 61, the TEC must determine each amount payable to a TEO by the TEC in accordance with criteria set out in any delegation to the TEC in force relating to the funding of Fees Free Tertiary Education and issued under section 159F(1)(e) of the Act.

³ The phrase “equipment, infrastructure and hardware” refers to those items that can be used by successive intakes of students. It does not include personal items which are provided for individual student use and which the TEO does not retain for the next intake of students.

63. Each TEO must work collaboratively with the TEC to give effect to the Fees Free Tertiary Education initiative. In particular, the TEO must provide information as required by the TEC, to enable the TEC to understand the EFTS consumption of eligible students, and in relation to fees.
64. Any fees in excess of the amount payable by the TEC under paragraphs 61 and 62 may be charged by the TEO to the student.

TEO responsibilities

65. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
 - a. accurately assign each of its courses to a course classification listed in Table 1, "Course Classification Prescription" of Appendix 1 of this funding mechanism; and
 - b. meet minimum performance standards specified by the TEC.

No other funding

66. 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 sub-paragraph (a) of this condition.

Responsible use of funding

67. 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

68. 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.
69. 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.

70. For the purposes of this condition, a TEO will have received funding that was "greater than it should have been" if the total dollar value of the provision funded under this funding mechanism that is delivered by a TEO within a funding year is less than 99% of the total dollar value for the provision paid to the TEO under this funding mechanism.
71. In that situation, the percentage of funding that is repayable is equal to the difference between the bottom of the tolerance band (99%) and the percentage value of the provision that was delivered.

Repayment of funding following revocation of funding approval

72. 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.

Disclosure of data from Statistics New Zealand's Integrated Data Infrastructure

73. The TEC must attach to funding a condition that a TEO consents, for the purposes of section 37A(a) of the Statistics Act 1975, to Statistics New Zealand disclosing information to the Ministry of Education and the TEC from its Integrated Data Infrastructure that identifies, or may identify, the TEO.
74. The TEC must inform TEOs that the Statistics Act 1975 does not constrain the ongoing use or sharing of the TEO-level data once it is disclosed.

Specific conditions that the TEC must attach to funding for TEIs funded under this funding mechanism

Benchmarking

75. The TEC must attach to funding a condition that a TEI must participate as appropriate in benchmarking, including:
 - a. providing the vendor with financial and performance information as requested, in a timely manner; and
 - b. engaging with the vendor over follow-up questions and related quality assurance processes, in a timely manner; and
 - c. contributing to the cost of the agreement between the TEC and the vendor, at a rate determined by the TEC.

PART THREE: FEE REGULATION SETTINGS

General

76. The conditions in Part Three of this funding mechanism apply to fees and course costs (together referred to as “fees”) charged by TEOs for a SAC-funded course that is part of a programme that leads to a qualification at level 3 or above on the NZQF.
77. Fees associated with a particular course are subject to these conditions if:
- a. the TEO is the sole source of the item to which the fee relates; and
 - b. all domestic students validly enrolled in the course are required to pay the fees.

Definition

78. “Fees” are defined as:
- a. tuition fees and
 - b. compulsory course costs, which may only include examination fees, material charges, costs of field trips, costs associated with the compulsory purchase of equipment or books through a TEO, and other charges associated with a course.

Annual Maximum Fee Movement

79. The annual maximum fee movement (AMFM) for 2020 is a 2% increase on the fees (GST exclusive) charged in 2019, for a course at level 3 and above on the NZQF, for which a TEO receives SAC funding, and which is part of a programme leading to qualifications listed on the NZQF⁴.

Substitute courses

80. The AMFM applies to any new courses established by a TEO in substitution for an existing course dealing with the same or similar subject matter, at a same or similar level on the NZQF, for which funding under this funding mechanism can be used.

Exceptions to the AMFM

81. A TEO may apply for an exception to the AMFM for a SAC-funded course that is part of a programme that leads to a qualification at level 3 or above on the NZQF on the basis of exceptional circumstances (listed below in paragraphs 87 (a)-(d)).
82. The TEC may grant an exception to the AMFM for one or more of a TEO’s courses; however, any exception granted must not exceed an additional 2% increase over and above the permitted 2% increase.
83. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:

⁴ For the avoidance of doubt, the AMFM also applies to professional masters programmes.

- a. the TEO is unable to support the course while remaining financially viable; and
 - b. for a course which is part of a programme leading to a qualification at level 3 to 8 on the NZQF, the completion rate for the qualification met or exceeded the median performance benchmark for that level in the previous year; and
 - c. the TEO can demonstrate that the course is in some way unique or special, for example, that there are no available local alternatives to the course; and
 - d. not allowing an exception will prevent the TEO from making a significant contribution to the achievement of one or more of the Government's priorities, as set out in the Tertiary Education Strategy.
84. The TEC must only grant an exception if it is satisfied that the TEO meets all of the above criteria.

Zero fee or low fee courses

85. If the fees for a SAC-funded course that is part of a programme that leads to a qualification at level 3 or above on the NZQF were less than \$511.11 (GST inclusive) or \$444.44 (GST exclusive) per EFTS in the previous year, then a TEO may increase the fee by the greater of:
- a. up to \$511.11 (GST inclusive) or \$444.44 (GST exclusive) per EFTS; or
 - b. 2%.

Fee setting limits for new courses

86. The fees for a new course at level 3 and above on the NZQF established by a TEO must be no more than the 75th percentile from the range of fees charged for similar courses. The TEC will specify how similar courses will be determined.
87. The fee setting limits apply to any new courses at level 3 and above on the NZQF established by a TEO, except where the course is in substitution for an existing course dealing with the same or similar subject matter, at a same or similar level on the NZQF, for which SAC funding can be used.

Exceptions to fee setting limits for new courses

88. A TEO may apply for an exception from the fee setting limits for new courses for a SAC-funded course that is part of a programme that leads to a qualification at level 3 or above on the NZQF on the basis of exceptional circumstances (listed below in paragraphs 94 (a)-(d)).
89. The TEC will have discretion to determine how much a TEO can set fees for any new courses granted an exception.
90. In considering whether or not there are exceptional circumstances, the TEC must only have regard to the following criteria:

- a. the course is part of a programme of study that would be financially unviable without a higher fee; and
 - b. where the course is part of a qualification at levels 3 to 8 on the NZQF that has been delivered previously, the completion rate for the qualification met or exceeded the median performance benchmark for that level in the previous year; and
 - c. the TEO can demonstrate that the course is in some way unique or special, for example, there are no or very few similar courses to compare fees with; and
 - d. the course is aligned to Government priorities as set out in the Tertiary Education Strategy.
91. The TEC must only grant an exception if it is satisfied that the TEO meets all of the above criteria.

APPENDIX 1: CALCULATION OF SAC FUNDING

Table 1: Course Classification Prescription

#01	Agriculture; Horticulture
#02	Architecture; Quantity Surveying
#03	Arts; Advanced Studies for Teachers; Health Therapies; Humanities; Languages; Social Sciences
#03.1	Osteopathy; Acupuncture
#04	Business; Accountancy; Office Systems/Secretarial; Management
#05.2	General Education
#06	Computer Science
#07	Dentistry
#11	Engineering; Technology
#11.1	Priority Engineering
#11.2	Pilot Training
#12	Fine Arts; Design
#13	Health Sciences (excluding classifications #07, #15, and #17)
#13.1	Optometry
#14	Law
#15	Medicine (excluding intermediate/first year)
#16	Music and Performing Arts
#17	Health Related Professions
#17.3	Dental Therapy
#18	Science
#19.1	Teaching: Early Childhood Education
#19.2	Teaching: Primary
#20	Teaching: Secondary
#21	Trades 1
#22	Trades 2
#22.1	Vocational Training for Industry
#23	Veterinary Science
#23.3	Veterinary Science Undergraduate (Years 3, 4 & 5)
#24	Nursing
#25	Medical Imaging
#27	Midwifery (3 year)
#28	Occupational Therapy
#29	Physiotherapy
#30	Medical Radiation Therapy
#31	Pharmacy Professionals
#32	Speech Language Therapy
#33	Medical Laboratory Science
#34	Clinical Psychology
#35	Audiology
#36	Dietetics
#37	Medicine Undergraduate (Years 4, 5 & 6)
#38	Foreign-Going Nautical
#39	Specialist Large Animal Science

Table 2: Funding categories: alphabetic code

Category (alphabetic)	Relevant discipline and course classification
A	Arts [#03], Social Sciences [#03], General Education [#5.2], Vocational Training for Industry [#22.1]
B	Architecture (non-degree) [#02], Computer Science [#06], Fine Arts [#12], Design [#12], Music and Performing Arts [#16], Health Related Professions [#17], Vocational Training for Industry [#22.1], Medical Imaging [#25], Occupational Therapy [#28]
C	Architecture (degree) [#02], Engineering [#11], Technology [#11], Health Sciences [#13], Vocational Training for Industry [#22.1], Midwifery (3 year) [#27], Physiotherapy [#29], Speech Language Therapy [#32], Medical Laboratory Science [#33], Audiology [#35]
G	Dentistry (postgraduate only) [#7], Medicine (postgraduate only) [#15]
H	Agriculture (degree) [#01], Horticulture (degree) [#01] Specialist Large Animal Science [#39]
I	Teaching [#19.1, #19.2, #20]
J	Business [#04], Accountancy [#04], Law [#14], Vocational Training for Industry [#22.1]
L	Agriculture (non degree) [#01], Horticulture (non degree) [#01], Osteopathy [#03.1], Acupuncture [#03.1], Vocational Training for Industry [#22.1], Nursing [#24],
M	Pilot Training [#11.2], Optometry [#13.1], Dental Therapy [#17.3], Pharmacy [#31]
N	Priority Engineering [#11.1], Dietetics [#36]
O	Medical Radiation Therapy [#30]
P	Trades 2 [#22], Vocational Training for Industry [#22.1]
Q	Veterinary Science [#23], Veterinary Science (years 3–5) [#23.3]
R	Dentistry undergraduate (years 2-5) [#07]
S	Foreign-Going Nautical [#38]
T	Medicine undergraduate (years 2-3) [#15]
U	Medicine undergraduate (years 4–6) [#37]
V	Science [#18], Clinical Psychology [#34]

Table 3: Funding categories: numeric code

Category (numeric)	Classification by level and content of study
1	Courses designed for non-degree qualifications with no research requirement, including certificates and diplomas
2	Courses designed for undergraduate degree qualifications, including bachelors degrees, graduate certificates and diplomas
3	Courses designed for taught postgraduate qualifications, including postgraduate certificates and diplomas, bachelors degrees with honours, and taught masters papers
4	Research-based postgraduate qualifications, including masters' theses/dissertations of 1.0 EFTS or more for masters and doctoral study

Table 4: Funding rates

	1	2	3	4
A	\$6,408	\$6,408	\$8,088	\$8,554
B	\$9,803	\$9,803	\$12,463	\$13,399
C	\$11,785	\$11,785	\$14,979	\$16,120
			\$27,322	\$27,322
H		\$21,252	\$26,802	\$28,121
I	\$9,732	\$9,732	\$12,211	\$12,676
J	\$6,408	\$6,408	\$8,088	\$8,554
L	\$11,015	\$11,015	\$13,888	\$14,822
M	\$14,028	\$15,984	\$20,070	\$21,373
N	\$13,076	\$13,076	\$16,449	\$17,704
O		\$18,970		
P	\$10,589			
Q		\$28,749	\$28,749	\$28,749
R		\$53,997		
S	\$19,501			
T		\$44,524		
U		\$44,524		
V	\$11,461	\$14,007	\$17,657	\$18,845