



Office of Hon Steven Joyce

Minister for Economic Development
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19 DEC 2016

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

Dear John

Determination of Design of Funding Mechanism: Information and Communications Technology (ICT) Graduate Schools Supplementary mechanism

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 ICT Graduate Schools. The supplementary determination is set out in the appendix to this letter.

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

SUPPLEMENTARY DETERMINATION OF DESIGN OF FUNDING MECHANISM FOR:

INFORMATION AND COMMUNICATIONS TECHNOLOGY GRADUATE SCHOOLS

The Determination of Design of Funding Mechanism: "Information and Communications Technology Graduate Schools" (ICT funding determination) was issued in March 2015. The Supplementary Determination of Design of Funding Mechanism for: Information and Communications Technology Graduate Schools was issued in December 2015 (December 2015 supplementary determination).

Effective date

This supplementary determination takes effect on 1 January 2017 following the expiry of the December 2015 supplementary determination on 31 December 2016.

Available funding

Paragraph 7 of the ICT funding determination stipulates that the total amount of Government funding that can be allocated under them will be set through the Government's annual budget processes.

This supplementary determination replaces the word "allocated" with the word "spent". This is to clarify that the Tertiary Education Commission (TEC) may nominally over-allocate funding under the determination, as long as it does not overspend.

Reference to Student Achievement Component – Level 3 and above determination

The reference in footnote 1 of paragraph 14 of the ICT funding determination is replaced by a reference to the Determination of Design of Funding Mechanism: Student Achievement Component – provision at level 3 and above on the New Zealand Qualifications Framework, dated 10 November 2016.

Valid domestic enrolments

Paragraphs 16 to 18 of the ICT funding determination are replaced with the following:

Valid domestic enrolments

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 student¹; or
 - ii. an Australian citizen or Australian permanent resident currently residing in New Zealand; or
 - iii. an international student involved in postgraduate research and meets the criteria determined by the TEC; 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 0; and
- d. has paid or committed to pay their fees (if fees apply).

The TEC must establish criteria for determining under which circumstances a student can be considered to be a valid domestic enrolment, where he or she:

- a. is aged under 16 years; or
- b. has not paid their fees (if fees apply).

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

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 Education Act 1989; 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

¹ For the definition of domestic student, refer to section 159 of the Education Act 1989.

(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.

Performance-linked funding

Paragraph 31 of the ICT funding determination is replaced as follows:

There will be a performance-linked funding element that is applied to all SAC-funded provision. This is set out in a separate funding determination.

Maximum EFTS value of four

A new paragraph 35A is added to the ICT funding determination as follows:

The TEC must ensure that SAC funding paid to a TEO under this funding determination does not exceed a maximum EFTS value of 4 EFTS for doctoral study.

TEC administrative responsibility in the case of under-funding

Paragraph 61 of Part Two of the ICT funding determination, and its heading, is incorporated into Part One of the funding determination as paragraph 37A.

Annual Maximum Fee Movement (AMFM)

Paragraphs 48 and 49 of the ICT funding determination stipulate that:

- The TEC must attach to funding a condition that a TEO that receives in 2015 ICT SAC funding under this funding mechanism must comply with the Annual Maximum Fee Movement, as specified in Part Three of this funding mechanism; and
- Any limits on fees for future years will be determined by way of a supplementary funding mechanism to be issued the preceding year.

Accordingly, Part Three of the ICT funding determination is replaced with Part Three set out on pages 4 and 5 of this supplementary funding determination.

Calculation of Student Achievement Component Funding

The "Calculation of SAC Funding" set out in Appendix 1 of pages 13-15 of the ICT funding determination is replaced by the "Calculation of SAC Funding" set out in Appendix One on pages 6 to 8 of this supplementary funding determination.

PART THREE: THE ANNUAL MAXIMUM FEE MOVEMENT

General

The conditions in Part Three of this funding determination 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.

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

The term "fees" includes the following items: tuition fees, compulsory course costs, 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

For 2017, the Annual Maximum Fee Movement (AMFM) is a 2% increase on the fees (GST exclusive) charged in 2016 for a course that is part of a programme that leads to a qualification 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 NZQF².

New courses

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 SAC funding can be used.

Exceptions to the AMFM

A TEO may apply for an exception from the 2017 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. Any exception granted will not exceed an additional 2% increase over and above the permitted 2% increase.

In considering exceptional circumstances, the TEC must only have regard to the following criteria:

- a. the TEO is unable to support the course(s) while remaining financially viable;

² For the avoidance of doubt, the AMFM also applies to professional masters programmes.

- b. for courses at levels 3-8 on the NZQF, the completion rate for the qualification met or exceeded the median performance benchmark for that level in the previous year;
- 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;
- 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 2014-2019*.

An application must satisfy all criteria to gain an exception.

Zero fee or low fee courses

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 are less than \$511.11 (GST inclusive) (\$444.44 (GST exclusive)) per EFTS in 2016, then for 2017, the TEO may increase the fee to up to \$511.11 (GST inclusive) (\$444.44 (GST exclusive)) per EFTS, or can increase the fee for the course by 2%, whichever is the greater.

APPENDIX ONE: 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
#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], Clinical Psychology [#34]
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]

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
5	Foreign student enrolments in research-based postgraduate qualifications

Table 4: Funding rates

	1	2	3	4	5
A	\$6,135	\$6,135	\$7,743	\$8,189	\$3,405
B	\$9,384	\$9,384	\$11,931	\$12,827	\$6,242
C	\$11,282	\$11,282	\$14,339	\$15,432	\$7,455
G			\$26,154	\$26,154	\$6,779
H		\$20,344	\$25,656	\$26,920	\$5,244
I	\$8,741	\$8,741	\$10,975	\$11,420	\$3,405
J	\$6,135	\$6,135	\$7,743	\$8,189	\$3,405
L	\$10,545	\$10,545	\$13,294	\$14,189	\$6,954
M	\$13,429	\$15,301	\$19,213	\$20,459	\$8,763
N	\$12,518	\$12,518	\$15,747	\$16,948	\$8,187
O		\$18,160			
P	\$10,137				
Q		\$27,521	\$27,521	\$27,521	\$6,779
R		\$51,690			
S	\$18,667				
T		\$42,622			
U		\$42,622			
V	\$10,971	\$13,408	\$16,903	\$18,040	\$7,236