



Office of Hon Steven Joyce

Minister for Economic Development
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John Spencer
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear John

Determination of Design of Funding Mechanism: Centres of Asia-Pacific Excellence

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 Centres of Asia-Pacific Excellence (CAPEs). The new 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

DETERMINATION OF DESIGN OF FUNDING MECHANISM: CENTRES OF ASIA-PACIFIC EXCELLENCE

PRELIMINARY PROVISIONS

Statutory authority

1. This funding mechanism for the funding of the Centres of Asia-Pacific Excellence (CAPEs) is made under section 159L of the Education Act 1989 (the Act).

Purpose

2. The purpose of the CAPEs is to contribute to the development of Asia-Pacific knowledge and language skills in New Zealand and enhance economic, trade, political and cultural relationships with the region. It is intended that the CAPEs will excel nationally and internationally in their area of expertise, and ensure broad dissemination of knowledge and skills through collaborative processes.

Off-plan funding

3. The Tertiary Education Commission (TEC) must pay funding allocated under this funding mechanism under section 159ZC of the Act (funding other than via plans).

PART ONE: THE FUNDING MECHANISM

General parameters

Effective period dates

4. This funding mechanism is to fund the CAPEs from 1 July 2017.
5. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before that date.

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.

TEC administrative responsibilities in the case of under-funding

7. If the 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 pay the amount of the under-funding as soon as is reasonably practicable.

Eligibility

8. The TEC must select, through a competitive process determined by the TEC, a consortium to operate one or more CAPEs.
9. A consortium must include a university that is quality assured by the New Zealand Vice-Chancellors' Committee and that is nominated as the "lead TEO". A consortium may include TEOs or other organisations (such as employers and industry bodies) and must include at least one university or other organisation in addition to the lead TEO.

10. Any reference to a CAPE in the subsequent paragraphs of this funding mechanism is a reference to all TEOs or other organisations that are members of a consortium, including the lead TEO.

Selection

11. The TEC must select each CAPE to receive funding through a competitive process determined by the TEC.
12. A lead TEO must submit an application for selection on behalf of a proposed CAPE.
13. To determine whether a CAPE will receive funding, the TEC must apply the following assessment criteria:
 - (a) The ability to deliver on the policy objectives:
 - (i) more New Zealanders with appropriate language and cultural skills of the Asia-Pacific region;
 - (ii) enhanced public awareness of the importance of the Asia-Pacific region;
 - (iii) better understanding of how study of Asia-Pacific languages and cultures leads to success in the region; and
 - (iv) enhanced links between New Zealand and the Asia-Pacific region.
 - (b) An understanding of the target market:
 - (i) understanding and expertise of target area culture, language and relationships;
 - (ii) understanding of current activities and partnerships with organisations providing services relating to the targeted area, including demonstrating the ability to leverage existing resources and avoid duplication; and
 - (iii) potential for the activities to have the highest impact in target area.
 - (c) A commitment to a business focus:
 - (i) understanding of business needs in relation to the target area within the Asia-Pacific region;
 - (ii) quality of services offered to businesses that would facilitate their needs; and
 - (iii) evidence of partnerships with the private sector.
 - (d) Management and implementation:
 - (i) strength of planned governance and management;
 - (ii) robust implementation plan showing CAPE phasing eg distinct planning and mobilisation phase to a steady state/business as usual operation; and
 - (iii) clear demonstration of partnership, and the commitment and capability of parties to proposed collaborative practices.

Funding

Period of funding

14. The TEC may fund a selected CAPE for a period of up to six years.

Use of funding

15. The TEC must establish criteria for allocating funding to the CAPEs.
16. The TEC must pay funding under this funding mechanism to the lead TEO.
17. A lead TEO may reallocate funding to consortia members for the purpose of carrying out the CAPE's strategic functions, and other activities that support the CAPE's strategy.

18. The TEC must ensure that CAPEs funding is to be used to facilitate better coordination and collaboration to improve utilisation of existing funding, rather than crowding out or duplicating existing delivery.
19. The TEC must ensure that CAPEs funding paid to a TEO under this funding mechanism is not used to contribute towards the costs of SAC-funded activities.

PART TWO: FUNDING CONDITIONS

General conditions

20. The TEC, in funding an eligible TEO 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

Tertiary Education Organisations

21. 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 8 to 10 of this funding mechanism.
22. 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.
23. The TEC must attach to funding a condition that a lead TEO may reallocate funding to consortia members for the purpose of carrying out the CAPE's strategic functions, and other activities that support the CAPE's strategy.
24. The TEC must attach to funding a condition that CAPEs funding paid to a TEO under this funding mechanism is not used to contribute towards the costs of SAC-funded activities.

TEO responsibilities

25. The TEC must attach to funding a condition that a TEO that is allocated CAPEs funding must meet minimum performance standards specified by the TEC

Lead TEO responsibilities

26. The TEC must attach to funding a condition that the lead TEO of a consortium must enter into an arrangement, or arrangements, with each other member of the consortium that:
 - a. enables the lead TEO to meet conditions of funding imposed by the TEC on the lead TEO; and
 - b. imposes on each other member of the consortium obligations owed to the lead TEO that are similar to the lead TEO's obligations in respect of any funding received under this funding mechanism; and
 - c. imposes on each other member of the consortium obligations to provide information to and fully cooperate with the lead TEO and the TEC, in order to verify the lead TEO's compliance with conditions of funding imposed by the TEC on the lead TEO.
27. The TEC must attach to funding a condition that the lead TEO of a consortium must not, without the prior written consent of the TEC, enter into any arrangement with another TEO, or end any arrangement with any other member of that consortium that is a TEO, that would have the effect of changing the membership of the consortium that the TEO leads.

Responsible use of funding

28. The TEC must attach to funding a condition that a TEO that receives any 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

29. The TEC must attach to funding a condition that if a TEO receives any 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.
30. 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.

Repayment of funding following revocation of funding approval

31. The TEC must attach to funding a condition that if, in accordance with section 159ZF 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 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.