

Education (Proposed Investment Plans: Content & Submission; Assessment Criteria; and Plan Summaries) Notice 2018

23 March 2018

Pursuant to sections 159R, 159Y and 159YO of the Education Act 1989 (“Act”), the Tertiary Education Commission (TEC) gives the following notice.

Title

This notice may be cited as the Education (Proposed Investment Plans: Content & Submission; Assessment Criteria; and Plan Summaries) Notice 2018.

Commencement

This notice applies from the date of its publication.

Application

This notice revokes and replaces the following notices:

- Education (Proposed Investment Plans: Requirements, Content, Submission and Assessment; and Plan Summaries) Notice 2017, published in the [New Zealand Gazette, 4 May 2017, Issue No. 47, Notice No. 2017-au2107](#).
- Amendment to Education (Proposed Investment Plans: Content and Submission; Assessment Criteria; and Plan Summaries) Notice 2016, published in the [New Zealand Gazette, 25 May 2017, Issue No. 54, Notice No. 2017-au2575](#).

Introduction

A number of the funding mechanisms determined by the Minister of Education pursuant to section 159L of the Act require the TEC to pay funding under section 159YA of the Act (relating to funding tertiary education organisations (TEOs) via Investment Plans (“Plans”). These funding mechanisms are available on the TEC’s website: <http://www.tec.govt.nz/funding/funding-and-performance/funding/mechanisms/>.

TEOs seeking funding under those funding mechanisms must submit a proposed Plan (unless the TEC has exempted the TEO from the requirement to submit a proposed Plan, pursuant to section 159U of the Act).

Pursuant to the Act, the TEC gives public notice of the following:

1. Section 159R:
 - a. the content of TEOs’ proposed Plans (being the particular matters that proposed Plans must address or include in order to meet the requirements in section 159P);
 - b. the kinds of background or supplementary information that the TEC requires a TEO to provide in relation to a proposed Plan; and
 - c. the timetable and process for the submission of proposed Plans to the TEC.
2. Section 159Y: The criteria the TEC will use to assess proposed Plans to determine if a TEO’s Plan will receive funding approval.
3. Section 159YO: The matters that a TEO that has a Plan must include in its Plan summary.

The amount of detail in the proposed Plan will depend on the size and complexity of the TEO submitting the Plan. A TEO has the option of using the Investment Plan Template to assist with developing the proposed Plan.

1. Content of TEOs’ proposed Plans

A. Content

Mission and role

Pursuant to section 159P(c), the TEO must describe its mission and role for the term of the Plan.

The TEO must outline its role within the overall network of provision, and provide evidence of how it is giving effect to the Treaty of Waitangi (“Treaty”). If the TEO is a tertiary education institution (“TEI”), it must provide evidence of how its council acknowledges the principles of the Treaty in the performance of its functions and in the exercise of its powers.

The TEO must specify in its Plan its distinctive mission and role within the system, and how this relates to the community it serves. It must also demonstrate that it has developed a sustainable plan for fulfilling this mission

NEW ZEALAND GAZETTE

and role through its programmes and activities.

Addressing the needs of stakeholders

Pursuant to section 159P(b) of the Act, the TEO must describe how it will address the needs of its stakeholders (including, without limitation, learners enrolled with the TEO). This section must include a description of:

- who its key stakeholders are, which may include:
 - learners enrolled with the TEO or prospective learners (in particular those who are Māori, or Pasifika, or young people, or people with low levels of literacy, language, and numeracy);
 - employers, businesses or industries relevant to the TEO's areas of delivery;
 - relevant communities, including those that support Māori and Pasifika learners;
- how the TEO has identified the needs of its key stakeholders in the community it serves;
- how the TEO will respond to the needs of these key stakeholders; and
- how the TEO will report to its key stakeholders on progress towards meeting their needs.

Contribution to Government priorities

Pursuant to section 159P(a) of the Act, the TEO must describe how it will give effect to the Government's current and medium-term priorities as described in the Tertiary Education Strategy 2014–2019 ("TES"). This must include information about how the TEO will:

- respond to learners' and employers' need for skills for the labour market (the "Delivering Skills for Industry" priority of the TES);
- help learners to make informed choices and a successful transition into tertiary study and into employment ("Getting at-risk young people into a career" priority of the TES);
- ensure delivery meets the needs of all learner groups, including how it will improve participation, achievement and outcomes for Māori and Pasifika learners ("Boosting achievement of Māori and Pasifika" priority of the TES);
- help learners to acquire literacy and numeracy skills ("Improving adult literacy and numeracy" priority of the TES);
- if it is a research-based institution, strengthen and maintain world-class research-intensive environments with a focus on research excellence, capability (including mātauranga Māori), accessibility and productivity ("Strengthening research-based institutions" priority of the TES); and
- provide evidence of value-creating engagement in international education ("Growing international linkages" priority of the TES).

Programmes and activities

Pursuant to section 159P(d) and (f) of the Act, the TEO must set out a description of all:

- tertiary education programmes run by the TEO for which the TEO is seeking funding under section 159YA and specify the amount of funding sought in relation to those programmes;
- activities (including, without limitation, programmes and initiatives that will be undertaken by the TEO in order to build its capability) for which the TEO is seeking funding under section 159YA and specify the amount of funding sought in relation to those activities; and
- tertiary education programmes run by the TEO other than those in relation to which funding is sought.

The TEO must explain how its proposed activities will support it to fulfil its mission and achieve its specific goals for the period.

The description of programmes and activities must include information about:

- planned programmes and activities for which the TEO is seeking Student Achievement Component funding or Youth Guarantee funding, including planned learner numbers by New Zealand Qualification Framework Level (this information must be provided via the *Mix of Provision* templates which the TEC will provide to TEOs by 1 June 2018);
- planned programmes and activities for which the TEO is seeking funding from the TEC (other than Student

NEW ZEALAND GAZETTE

Achievement Component funding or Youth Guarantee funding) including planned learner numbers in more detail (this information must be provided via the *Mix of Provision* templates);

- total TEC funding sought (this information must be provided via the *Mix of Provision* templates);
- a brief description of other programmes and activities not funded by the TEC (this information must be provided either via the *Mix of Provision* template or as part of a description of the TEO's mission and role); and
- a brief description of significant programmes and activities undertaken through subsidiary bodies.¹ The description of the programmes activities undertaken through subsidiaries must include:
 - a description of the main activities undertaken by the subsidiary body;
 - the dollar value of the TEO's investment in the subsidiary body;
 - a brief description of the governance and accountability arrangements in place; and
 - any key new activities the TEO is contemplating undertaking over the plan period.

The TEO must describe any subcontracting arrangements they have and ensure this information is specified in a Subcontracting Register provided by the TEC.

Outcomes and measures

Pursuant to section 159P(e) of the Act, the TEO's proposed Plan must describe the TEO's proposed outcomes (including, without limitation, in relation to the tertiary education programmes and activities for which funding is sought) and the performance indicators that the TEO will use to measure whether those outcomes have been achieved.

The TEC will provide all TEOs with information about any specific metrics they must use when specifying outcomes and performance indicators (performance commitments), and in some cases will specify minimum performance commitments for TEOs. TEOs should propose additional performance commitments as required.

An *Education Performance Indicator Commitments* template will be provided to TEOs to assist them to specify their performance commitments. This will include the need to set targets which will contribute to parity of participation and achievement for Māori and Pasifika.

The proposed Plan must describe:

- how the TEO has performed against the performance commitments it made in its last Plan (for TEOs that have previously received Plan funding);
- how the TEO has responded to data from the TEC about employment outcomes, and about the TEO's level of re-enrolments;
- the findings of any quality assurance reviews; and
- any key changes the TEO is making that are likely to have a significant impact on its educational performance or other outcomes.

The TEO's proposed performance commitments must be:

- designed and presented so that they give clear evidence about the quality of the activity being measured;
- relevant, so that they give meaningful information about the TEO's progress toward its proposed outcomes;
- set at a level that represents a meaningful improvement on past performance, especially with respect to outcomes for priority learner groups; and
- complete, so that they cover all significant programmes and activities the TEO intends to undertake, and all important dimensions of those activities.

Other additional information

Pursuant to section 159R(1)(b) of the Act, the TEC requires each TEO to provide additional information about its financial outlook to accompany its proposed Plan.

This includes forecast financial statements, capital asset management information (for TEIs), and any other information and explanations needed to fairly reflect the forecast financial operations and financial position of the TEO, e.g. information about subsidiaries for which the TEO has residual liability.

The TEC may use this additional information when assessing the potential of the TEO to meet its proposed performance commitments.

NEW ZEALAND GAZETTE

Additional requirements for tertiary education institutions

Pursuant to section 159R(2), the following additional requirements apply to **TEIs**. The TEI's proposed Plan must:

- reflect the TEI subsector outcomes frameworks agreed with the TEC;
- align with the narrative in the TEI's other strategic planning and reporting documents, including its Statement of Service Performance, strategic plan or Annual Report;
- explain how the TEI will manage its capital assets to support its mission and role over the period of the proposed Plan (including any new significant capital initiatives); and
- include a forecast Statement of Service Performance to enable the TEI to report in its Annual Report on its performance as compared to its proposed outcomes described in its proposed Plan.² The forecast Statement of Service Performance must:
 - be prepared in accordance with Generally Accepted Accounting Practice, including reporting costs summarised by key output classes/areas;
 - reflect the full scope of the TEI's activities;
 - focus on the outputs/services of the TEI; and
 - include measures and evidence about the quality of these outputs/services.

Special requirements for industry training organisations

The following additional requirements apply to industry training organisations (ITOs) only.

- An ITO must specify in its proposed Plan the activities set out in subsection 10(2) of the Industry Training and Apprenticeships Act 1992 in relation to which funding is sought.
- An ITO seeking funding for apprenticeship training activities via a Plan must specify in its proposed Plan how it intends to carry out each of the activities set out in subsection 13D(2) of the Industry Training and Apprenticeships Act 1992.

B. Process

Pursuant to section 159R(1)(c) of the Act, the following timetable sets out the process and key dates for the submission of proposed Plans to the TEC. The submission deadline for final proposed Plans for private training establishments (PTEs) is **13 July 2018**. The submission deadlines for TEIs are:

- draft proposed Plans by 13 July 2018, and
- final proposed Plans by 20 August 2018.

Activity	Timing
TEC releases Plan Guidance	4 December 2017
TEC publishes notice in the <i>New Zealand Gazette</i> setting out requirements for Plan content, assessment and Plan summaries (this notice)	23 March 2018
Government announces Budget 2018	17 May 2018
TEC provides indicative allocations, and releases Mix of Provision and EPI Commitment templates	1 June 2018
TEC releases Supplementary Plan Guidance to reflect any policy or Budget changes (as required)	1 June 2018
Deadline for draft Plans, MoPs and EPI Commitments (TEIs only)	13 July 2018
PTEs submit final Plans (Plan-exempt PTEs submit MoPs and EPI Commitments)	13 July 2018
TEIs submit final Plans, MoPs and EPI Commitments	20 August 2018
TEC makes funding decisions	By 31 October 2018
TEOs notified of decisions via Plan funding approval letter	By 30 November 2018
First payments made against Plans; Plan delivery begins	From 1 January 2019

2. Criteria for assessing proposed Plans

Pursuant to section 159Y(1) of the Act, the TEC gives public notice of the criteria it will use to assess proposed Plans to determine if they will receive funding approval.

The criteria below enable the TEC to assess the alignment of an eligible TEO's proposed Plan with Government priorities and regional and national need, as well as its capability to deliver on its Plan.

When assessing proposed Plans against the criteria, the TEC will take a holistic approach and may use a range of evidence, including, without limitation, the information contained in a proposed Plan, TEC monitoring information (including funding, performance, organisational, and financial data), TEO annual reports and strategic plans, quality assurance bodies' information and reports, Plan engagement (where applicable), and both national and regional demographic and economic data.

The criteria

The TEC will assess proposed Plans of all TEOs according to whether, and to what extent, proposed Plans meet the following criteria:

A. Mission and role

The TEO must describe its mission and role for the term of the Plan, including its role within the overall network of provision.

- The TEO's proposed mission and role, and the outcomes the TEO has specified that it will contribute to, show an awareness of and are appropriate to the TEO's place in the regional and national tertiary system and the Government's priorities;
- The TEO's proposed mission and role as outlined in its proposed Plan are relevant to its current and likely future environment;
- The TEO's proposed mission and role demonstrate that it clearly understands its distinctive mission and role within the system, and how this relates to the community it serves; and
- The TEO demonstrates that it has developed a sustainable plan for fulfilling its mission and role through its programmes and activities.

B. Addressing the needs of stakeholders

The TEO must describe how it will address the needs of its stakeholders (including, without limitation, students enrolled with the TEO).

- The TEO has clearly and accurately identified its key stakeholders, including:
 - learners or prospective learners (in particular those who are Māori, or Pasifika, or young people, or who have low levels of literacy, language, and numeracy);
 - employers, businesses or industries relevant to the TEO's areas of delivery; and
 - relevant communities, including those that support Māori and Pasifika learners;
- The TEO has clearly consulted with all relevant stakeholders when preparing its proposed Plan;
- The TEO has ascertained the needs of its key stakeholders, through direct consultation and the use of statistical information about regional or national demographics and employment market demand;
- The TEO has reviewed its current and proposed Plans against the needs of its stakeholders, and has documented what changes it has made, or will make to better accommodate these needs (in particular, this includes a description of how a TEO's proposed Plan responds directly to the needs of Māori and Pasifika learners); and
- The TEO has a clear articulation of how it will report back to its key stakeholders on progress towards meeting the identified needs.

C. Giving effect to the Tertiary Education Strategy 2014–2019

The TEO must describe how it will give effect to the Government's current and medium-term priorities as described in the TES.

- The TEO outlines a credible plan for how it will:
 - respond to learners' and employers' need for skills for the labour market (TES Priority One);
 - help learners to make informed choices and a successful transition into tertiary study and into

- employment (TES Priority Two);
- ensure delivery meets the needs of all learner groups, including how it will improve participation, achievement and outcomes for Māori and Pasifika learners (TES Priority Three);
- help learners to acquire literacy and numeracy skills (TES Priority Four);
- if it is a research-based institution, strengthen and maintain world-class research-intensive environments with a focus on research excellence, capability (including mātauranga Māori), accessibility and productivity (TES Priority Five); and
- demonstrate evidence of value-creating engagement in international education (TES Priority Six).

D. Programmes and activities

The TEO must provide a summary of all tertiary education programmes and activities it runs and any key new activities it is contemplating undertaking over the Plan period.

- The TEO's proposed programmes and activities (including capital asset plans where applicable) are appropriate in the context of:
 - regional and national needs, including those of employers, businesses or industries relevant to the TEO's areas of delivery;
 - benefits to learners; and
 - the activities of other TEOs.
- The TEO's proposed programmes and activities include evidence-based initiatives to improve participation and achievement for Māori and Pasifika learners.

E. Outcomes and measures

The TEO must provide its proposed outcomes (including, without limitation, in relation to the tertiary education programmes and activities for which funding is sought) and the performance indicators that the TEO will use to measure whether those outcomes have been achieved.

- The TEO's proposed performance commitments are:
 - designed and presented so that they give clear evidence about the quality of the activity being measured;
 - relevant, so that they give meaningful information about the TEO's performance against its proposed outcomes;
 - set at a level that represents a meaningful improvement on past performance, especially with respect to outcomes for priority learner groups (including contribution to achieving parity in participation and achievement for Māori and Pasifika); and
 - complete, so that they cover all significant programmes and activities the TEO intends to undertake, and all important dimensions of those activities.

F. Self-assessment of performance against current and previous Plans

The TEO has reviewed its own performance against its current and previous Plans

If applicable, the TEO has performed well against its current and previous Plans, and in particular has:

- improved its performance over time (this may include reference to return on investment, for example employment outcomes of its graduates);
- met its Plan performance commitments and KPIs, particularly those relating to Māori and Pasifika learners;
- demonstrated satisfactory educational performance as defined by the TEC;
- demonstrated satisfactory financial performance, including:
 - for **TEIs and ITOs only**, receiving a satisfactory assessment on the TEC's Financial Monitoring Framework; and
 - for **PTEs only**, meeting the TEC's Prudential Financial Standards for PTEs
- been assessed as satisfactory as defined by the TEC and in terms of its last external review by the relevant quality assurance body;

- demonstrated good governance and management capability in forecasting, planning, and implementation, and (where applicable) the ability to provide supplementary information such as capital asset management reporting. This includes demonstration of governance and management commitment to improving outcomes for Māori and Pasifika learners;
- demonstrated its ability and commitment to work with other TEOs to build system responsiveness and sustainability, and pathways through the education system;
- complied with conditions imposed on funding approval;
- complied with requirements in the Act; and
- complied with its obligations to report to the TEC.

G. Special requirements for tertiary education institutions

Pursuant to section 159Y(3): For **TEIs only**, the TEI meets the expectations expressed in this notice regarding the inclusion of a forecast Statement of Service Performance in its Plan.

H. Special requirements for industry training organisations

Pursuant to section 11 of the Industry Training and Apprenticeships Act (1992): For **ITOs only**, the TEC will also consider the following in assessing an ITO's Plan:

- the amount of training to which the ITO's proposed Plan relates, and the likely number of trainees to be trained in accordance with it;
- the desirability of introducing into the ITO's industry (or the organisations' industries) skills (whether new skills or enhanced existing skills) likely to increase its (or their) international competitiveness;
- the desirability of extending industry training to industries, or areas of any industry (or industries), where industry training linked to nationally recognised qualifications has not traditionally been available; and
- the desirability of extending industry training to people to whom industry training linked to nationally recognised qualifications has not traditionally been available (whether within any industry or industries, or generally).

3. Plan summary

Pursuant to section 159YO(1) of the Act, a TEO must include in its Plan summary all the material described in the Content part in this notice.

TEIs must also include their forecast Statement of Service Performance in their Plan summary.

Nothing in this notice requires a TEO to include in its Plan summary information that would:

- disclose a trade secret;
- be likely to unreasonably prejudice the commercial position of the TEO; or
- prejudice or disadvantage the commercial activities of the TEO.

Pursuant to section 159YO(2) of the Act, the TEO's Plan summary must be available for inspection by the public and copies made available to the public, either at no cost or no more than a reasonable cost.

Dated at Wellington this 23rd day of March 2018.

TIM FOWLER, Chief Executive, Tertiary Education Commission.

Notes

1 These include all subsidiaries, trusts, or in-substance subsidiaries. These entities must include all entities included in the TEO's consolidated group reporting in its most recent Annual Report.

2 Refer to sections 220(2A)(f) and 220(2B) of the Act and section 156 of the Crown Entities Act 2004.