

## Appendix C

### Funding conditions

*The conditions below refer to the Industry Training Fund only, and not the Industry Training Organisation Strategic Leadership Fund, unless specified otherwise.*

#### ***ITF001: TEO to supply information to TEC***

As specified in section 159YC(1) and section 159ZD(1) of the Education Act, it is a condition of a TEO receiving funding that the TEO will supply to the TEC, from time to time as required by the TEC, and in the form specified by the TEC, any financial, statistical, or other information that a TEO is required to supply.

#### *TEO to supply enrolment information to the TEC*

The TEO must:

- a) supply to the TEC information about each industry trainee or apprentice enrolled in a programme or qualification by completing the fields in the Industry Training Register (ITR); and
- b) submit the information through the ITR on or before the date specified by the TEC.

For more information about using the ITR, please refer to the [ITR User Guide](#) or the [ITR schema definition document](#).

#### *TEO to supply financial viability information to the TEC*

If the TEC notifies the TEO that it requires information relating to the financial viability of the TEO, the TEO must supply the requested information to the TEC.

#### *TEO to supply information about priority groups to the TEC*

If the TEC notifies the TEO that it requires information relating to activities that support priority groups (such as Māori or Pasifika industry trainees and apprentices), the TEO must supply the requested information to the TEC.

#### *TEO to supply information to the TEC in certain situations*

The TEO must notify the TEC immediately if:

- a) any record required to be kept under section 159YD(1) or 159ZE(1) of the Education Act has been lost or damaged; or
- b) it is no longer able to comply with a condition of funding.

#### *TEO to provide a progress report on activities funded from the Industry Training Organisation Strategic Leadership Fund*

This part of this condition applies to a TEO that receives funding from the Industry Training Organisation Strategic Leadership Fund.

The TEO must provide the TEC with a progress report on activities funded from the Industry Training Organisation Strategic Leadership Fund as specified by the TEC.

***ITF002: ITO to be eligible to receive funding from the Industry Training Fund or Industry Training Organisation Strategic Leadership Fund***

This condition applies to an ITO that receives funding from the Industry Training Fund or Industry Training Organisation Strategic Leadership Fund.

The ITO must, for the length of the funding period, continue to be an ITO that is fully or provisionally recognised by the Minister for Tertiary Education, Skills and Employment under the Industry Training and Apprenticeships Act 1992.

***ITF003: ITO not to deliver training itself***

The ITO:

- a) must not deliver training itself; and
- b) must not have any ownership stake in, or be a beneficiary of, an organisation with which the ITO arranges to deliver the training.

***ITF004: TEO not to subcontract activities without permission***

This condition applies to a TEO that receives funding from the Industry Training Fund or an ITO that receives funding from the Industry Training Organisation Strategic Leadership Fund. The TEO must:

- a) not subcontract its functions without the TEC's written consent; and
- b) comply with any conditions imposed by the TEC on the consent; and
- c) ensure that the subcontracted party does not further subcontract any of the TEO's functions.

***ITF005: TEO to ensure employers of industry trainees or apprentices make a financial contribution***

The TEO must ensure that all employers of industry trainees or apprentices who are enrolled with the TEO make a financial contribution towards the cost of each industry trainee's or apprentice's training.

***ITF006: TEO to ensure that industry trainees meet certain criteria***

For the purposes of this funding letter, an "industry trainee" is a person who is:

- a) one of the following:
  - i. an employee who is employed and working in New Zealand and has a training agreement with his or her employer; or
  - ii. a self-employed contractor working in New Zealand under an arrangement with an organisation in the nature of employment, who has a training agreement with that organisation; or
  - iii. a person volunteering in New Zealand under an arrangement with an organisation in the nature of employment, who has a training agreement with that organisation; and

- b) 16 years of age or over (unless the industry trainee has an early leaving exemption certificate from the Ministry of Education).

The TEO must ensure that each industry trainee it enrolls meets and continues to meet the above criteria during the funding period.

***ITF007: TEO to ensure New Zealand Apprentices meet certain criteria***

In addition to criteria for an industry trainee specified in condition ITF006, a New Zealand Apprentice is a person who is:

- a) employed in the occupation for which he or she is training; and
- b) supported by a training plan agreed by the New Zealand Apprentice, the employer, and the organisation arranging the training, throughout the New Zealand Apprenticeship programme; and
- c) enrolled in a TEC-approved programme of training that consists of either:
  - i. a qualification at level 4 on the NZQF that has a minimum of 120 credits; or
  - ii. multiple qualifications that together have at least 120 credits, provided those qualifications are at level 3 and 4 on the NZQF, and at least 60 credits are at level 4 on the NZQF.

The TEO must ensure that each New Zealand Apprentice meets and continues to meet the above criteria during the funding period.

***ITF008: TEO to ensure Modern Apprentices meet certain criteria***

In addition to criteria for an industry trainee specified in condition ITF006, a Modern Apprentice is a person who was enrolled in a Modern Apprenticeship programme prior to 1 January 2014 and continues training as a Modern Apprentice in a Modern Apprenticeship programme.

***ITF009: TEO to ensure industry training programmes meet certain criteria***

The TEO must ensure that a programme in which an industry trainee or apprentice is enrolled:

- a) is, and continues to be, one of the following:
  - i. a National or New Zealand Certificate that:
    - A. has at least 40 credits; and
    - B. leads to a certificate generally up to level 4 on the New Zealand Qualifications Framework (NZQF); or
  - ii. a National or New Zealand Diploma; or
  - iii. a Limited Credit Programme that:
    - A. is designed to encourage entry into a full qualification; and
    - B. has a minimum of 20 credits and a maximum of 70 credits; and

- C. is composed of unit standards drawn from a programme that leads to a qualification for which the TEO has TEC funding approval; and
    - D. meets the minimum limits for progression from the programme to the completion of full qualifications specified by the TEC; and
    - E. meets any other criteria as specified by TEC; or
  - iv. a Supplementary Credit Programme that:
    - A. is designed to provide post-qualification skill development; and
    - B. has a minimum of 20 credits and a maximum of 70 credits; and
    - C. is composed of unit standards drawn from a programme that leads to a qualification for which the TEO has TEC funding approval; or
  - v. a TEC-approved New Zealand Apprenticeship programme that is either:
    - A. a qualification at level 4 on the NZQF that has a minimum of 120 credits; or
    - B. multiple qualifications that together have at least 120 credits, provided those qualifications are at level 3 and 4 on the NZQF, and at least 60 credits are at level 4 on the NZQF; and
- b) continues to include a majority of on-job training; and
- c) continues to meet any quality assurance requirements of the New Zealand Qualifications Authority; and
- d) if the programme leads to a qualification at level 1, 2, or 3 on the NZQF, includes embedded literacy and numeracy; and
- e) does not include learning that can be defined as:
  - i. a qualification or programme designed primarily to equip a participant with the skills and knowledge he or she needs to carry out a given task or function in a manner that complies with a specific health and safety or regulatory compliance requirement; or
  - ii. learning that displaces the responsibility of employers to provide training necessary to mitigate health and safety, and legal risks; and
- f) is not a qualification that:
  - i. contains health and safety and regulatory compliance learning; and
  - ii. for which it is likely that most enrolments will lead only to the completion of the health and safety or regulatory compliance components, rather than the whole qualification.

***ITF010: TEO not to claim funding from the Industry Training Fund for recognised prior learning***

The TEO must not claim funding for recognised prior learning credited to an industry trainee or apprentice.

To ensure that the TEO is able to comply with this condition, the TEO must:

- a) ask the industry trainee or apprentice to specify prior learning he or she has undertaken; and
- b) review the information provided by the industry trainee or apprentice when admitting him or her into a programme or qualification; and
- c) retain documents that confirm that the industry trainee or apprentice has demonstrated the required knowledge or skill.

For the avoidance of doubt, recognised prior learning does not apply to repeated learning undertaken because a quality assurance body requires an industry trainee or apprentice to repeat training periodically.

***ITF011: TEO to arrange training at levels 1 to 4 on the New Zealand Qualifications Framework***

The TEO must not spend more than 10% of the funding from the Industry Training Fund it has received on training at level 5 or above on the New Zealand Qualifications Framework, unless it has approval from the TEC.

***ITF012: TEO to use Literacy and Numeracy for Adults Assessment Tool***

The TEO must use the Literacy and Numeracy for Adults Assessment Tool to identify the literacy and numeracy needs of each industry trainee enrolled in a programme at level 1 or 2 on the New Zealand Qualifications Framework, and measure the industry trainee's progress.

***ITF013: TEO to meet minimum performance standards***

The TEO must meet any minimum performance standards set by the TEC. In particular, the TEO must ensure that at least 80% of industry trainees and apprentices achieve at least 10 credits where their enrolments were eligible for funding for four months or more in the calendar year.

***ITF014: TEO to comply with codes of practice***

This condition applies to a TEO that receives funding for an industry trainee that is a New Zealand Apprentice or Modern Apprentice.

The TEO must ensure, as far as reasonably practicable, that the New Zealand Apprenticeship activities, and every training plan for a New Zealand Apprenticeship, are consistent with the [Code of Good Practice for New Zealand Apprenticeships](#) issued by the Minister under the Industry Training and Apprenticeships Act 1992.

The TEO must ensure, as far as reasonably practicable, that the Modern Apprenticeship activities, and every training plan for a Modern Apprenticeship, are consistent with the Modern Apprenticeship Code of Practice.

***ITF015: ITO to provide information on employment outcomes of tertiary education***

This condition applies to an ITO that receives funding from the Industry Training Fund or Industry Training Organisation Strategic Leadership Fund.

The ITO must consent in writing, for the purposes of [section 37A\(a\) of the Statistics Act 1975](#), to Statistics New Zealand disclosing information to the Ministry of Education from its Integrated Data Infrastructure that identifies the ITO.

The ITO acknowledges:

- a) that the Statistics Act 1975 does not constrain the ongoing use or sharing of the ITO-level data once it is disclosed, and the ITO's individual confidentiality may not be maintained; and
- b) this condition is to enable education agencies to work with ITOs on the analysis of employment outcomes information and the design of suitable indicators; and
- c) that publication of any information is not proposed until at least 2017.

***ITF016: TEO not to receive other Crown funding***

The TEO 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 from the Industry Training Fund; and
- b) notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of this condition.

***ITF017: TEO to use funding appropriately***

The TEO must only 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.

***ITF018: TEO to repay excess funding***

If the TEO receives funding 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.

***Definition of funding that is greater than it should have been***

The extent to which a TEO will have received funding from the Industry Training Fund that was greater than it should have been must be calculated by applying paragraphs (a) to (e) in the order that they appear:

- a) if the TEO does not arrange delivery of training during the funding period up to the dollar value for which it has been funded (in that situation, the TEC will separately recover funding for industry trainees, and apprentices, based on the rates of funding that apply); and
- b) if the actual average duration of a programme of training exceeds the nominal duration of a programme (over-duration) to the extent of the over-duration; and
- c) if an individual industry trainee or apprentice has been enrolled in more than 10 credits in any calendar month at one or more ITOs (monthly over-enrolment), to the extent of the annual over-enrolment; and

- d) if an individual industry trainee or apprentice has been enrolled in more than 70 credits over the calendar year, at one or more ITOs (annual over-enrolment); and
- e) if less than 80% of the industry trainees and apprentices achieve the minimum of 10 credits where their enrolments were eligible for funding for four months or more in the calendar year (under-achievement), the TEC will deduct funding for each percentage point below 80% up to a maximum of 5.0% of the net funding.

For information about the calculation of 'over-duration', 'over-enrolment' and 'under-achievement', refer to the document [Standard Training Measures, Learner Counts and Offsets - data definitions and data rules](#).

***ITF019: TEO that receives funding from the Industry Training Fund direct funding scheme to meet certain criteria***

This condition applies to a TEO that receives funding from the Industry Training Fund direct funding scheme.

The TEO must during the funding period continue to:

- a) be one of the following:
  - i. an employer; or
  - ii. a group of employers or industry associations that are part of a consortium arrangement; or
  - iii. a group training scheme; or
  - iv. a Modern Apprenticeship Co-ordinator (who is not employed by an ITO); and
- b) have at least 40 industry trainees each year who:
  - i. are actively training towards one or more of the qualifications and programmes set out in ITF009; and
  - ii. meet specified industry trainee criteria as defined in condition ITF006; and
  - iii. may be New Zealand Apprentices as defined in condition ITF007 or Modern Apprentice who enrolled prior to 1 January 2014 and are continuing training as a Modern Apprentice in a Modern Apprenticeship programme.

***Definition of group training scheme***

For the purposes of this condition, a group training scheme is a scheme that employs apprentices and places them with host employers that provide training for the apprentices.

***ITF020: TEO must keep records***

The TEO must keep:

- a) a record of evidence that the industry trainee or apprentice has a formal training agreement with his or her employer that is intended to lead to the achievement of one or more of the qualifications or programmes set out in ITF009; and
- b) a permanent record of evidence that each New Zealand Apprentice and Modern Apprentice has completed his or her apprenticeship.