



# Report: VET funding – supporting strategically important provision

To:	Hon Penny Simmonds, Minister for Vocational Education		
Cc:	Choose an item.		
Date:	30/01/2025	Deadline:	5/02/2025
Security Level:	In-Confidence	Priority:	Medium
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## Why are we sending this to you?

- You are receiving this paper as part of confirming policy decisions for VET funding for your Cabinet paper in March 2025.

## What action do we need, by when?

- We are seeking your decisions and any feedback on the options in this paper by 5 February 2025 to inform the drafting of a subsequent paper and a Cabinet paper for March 2025.

## Key facts, issues and questions

- You have committed to present a further paper to Cabinet in March 2025 which will seek agreement to initial funding settings for the VET redesign and include a report back on options to support strategically important provision.
- We propose to define provision as strategically important where it is provided by an ITP that is at risk of non-viability, is related to a priority industry, and is the only provision of its kind in that region.
- Due to the amount of change the VET sector is facing we recommend transitional support for this provision over the next two years, with the options of either a criteria-based fund or grants under section 556 of the Education and Training Act 2020 as funding mechanisms for that approach.

## Alignment with Government priorities

1. This report aligns with Government priorities as part of the work programme to disestablish Te Pūkenga and confirm new funding settings to come into effect from 1 January 2026.

## Background

2. In December 2024, Cabinet agreed to legislation changes to support a new structure for Institutes of Technology and Polytechnics (ITPs). It was agreed that further consultation will be carried out before arrangements for work-based learning are agreed in 2025.
3. Your Cabinet paper signalled your intentions for funding at a high level, but you have agreed that more detailed funding decisions will be sought in March 2025. You have also committed to return to Cabinet in March with “options to support strategically important provision, including transitional funding reprioritised from within existing baselines” [SOU-24-MIN-0174 refers].
4. Decisions in late March would confirm policy ahead of the Budget moratorium (expected to begin on 14 April). Budget decisions will be closely linked with decisions for the redesign of vocational education and training (VET) funding, and will benefit from being considered together despite being confirmed at different times.

## Proposed approach to the March Cabinet paper

5. The March Cabinet paper will need to seek agreement on:
  - a. options for supporting strategically important provision in provider-based VET through the funding system;
  - b. the nature of any further rebalancing of funding rates for 2026;
  - c. dedicated funding for the standard-setting function (and a corresponding decrease in overall work-based funding); and
  - d. changes to the structure and rates of the Learner Component.
6. This paper focuses on defining strategically important provision and identifying options for how to support it through the redesign of the VET system. A second paper will follow in February to provide advice and seek your decisions on the Learner Component, funding for work-based learning and funding rates for 2026. Your decisions will then be reflected in a draft Cabinet paper.

## Objectives for funding changes

7. Feedback given by your Ministerial colleagues in earlier consultation processes can support the development of funding proposals that more effectively address their varied interests in the VET system. Many Ministers are primarily concerned with learner outcomes because these have implications for their own portfolios.
8. Issues that have emerged as priorities for Ministers in recent feedback include:
  - a. ensuring that learners have options to access education and training where they live;
  - b. supporting learners to succeed so that education funding is a positive social investment; and
  - c. protecting delivery which is strategically important for specific industries and/or regions (e.g. primary industries).
9. We recommend taking a principles-based approach in your Cabinet paper that demonstrates the benefits your preferred option will deliver for wider Government objectives as well as for the VET system itself. A focus on protecting provision which is of

strategic or regional importance, rather than on the viability of providers, as a starting point will help in addressing some concerns.

10. We have slightly redrafted the objectives that you have previously agreed [METIS 1336884 refers] to better incorporate other Ministers' priorities as discussed above. We propose to include in the Cabinet paper that the redesign of VET funding seeks to:
  - a. support all learners to succeed and realise the benefits of vocational education;
  - b. support the quality and availability of provider-based and work-based VET;
  - c. ensure the VET system delivers on regional priorities and responds to the needs of employers and industry; and
  - d. minimise the complexity of the funding system, including administrative and transaction costs.
11. Any feedback you have on these objectives can be incorporated into the Cabinet paper.
12. It will be important to demonstrate to Cabinet that options have been considered as part of this process, and the proposed options are ones which best meet the Government's objectives. This will help Cabinet to understand the rationale for your decisions, including putting any trade-offs into context with the alternatives (e.g. the risks of relying on private providers to fill gaps in provision).

### **Interaction with Budget 2025**

13. To give Cabinet a clear picture of what your proposals would look like in practice we recommend signalling what you are seeking through the Budget process in the VET funding paper, even though those initiatives will not yet be confirmed. This would include any targeting of the cost adjustment for Level 3 to 7 provision [METIS 1339860 refers] and how this interacts with other changes to funding rates. We will address this in our next VET funding paper in February.
14. Some recommendations put to Cabinet in March may need to seek agreement in principle, due to interdependencies with Budget decisions (expected in April). Key examples include the reprioritisation of agency savings into VET funding and the effect of targeted cost adjustment initiatives on other funding shifts. We note that some of these areas may be impacted by new Ministerial portfolio responsibilities (which are not yet confirmed at time of writing), and you may wish to discuss them with Minister Reti. We will provide further advice on the process for agency savings in a future paper [METIS 1342160 refers].
15. Because of the relationship between different decision-making processes, we recommend delaying the announcement of VET funding changes until on or after Budget Day (22 May 2025). This would minimise confusion for the sector by giving a single announcement of all decisions once they are confirmed. It would also allow the funding determinations consultation process to follow soon after an announcement, which gives sector stakeholders an opportunity to give feedback on the implementation of proposed settings.

### **Defining 'strategically important provision'**

16. To be established as stand-alone entities ITPs will need to restructure their operations to become more sustainable. Programme cuts are a necessary part of this process. However, there is some provision in the network which would be problematic to lose even if it makes financial sense for the individual institution. Cabinet has asked you to report back on how this provision will be supported and protected through the change process.
17. In your December Cabinet paper, you identified strategically important provision as likely to include healthcare, trades training, primary sector training, and foundation education. These areas are particularly important for New Zealand's long-term productivity and economic development, and to support the Government's goals of doubling export earnings and reducing the number of job-seekers by 50,000.

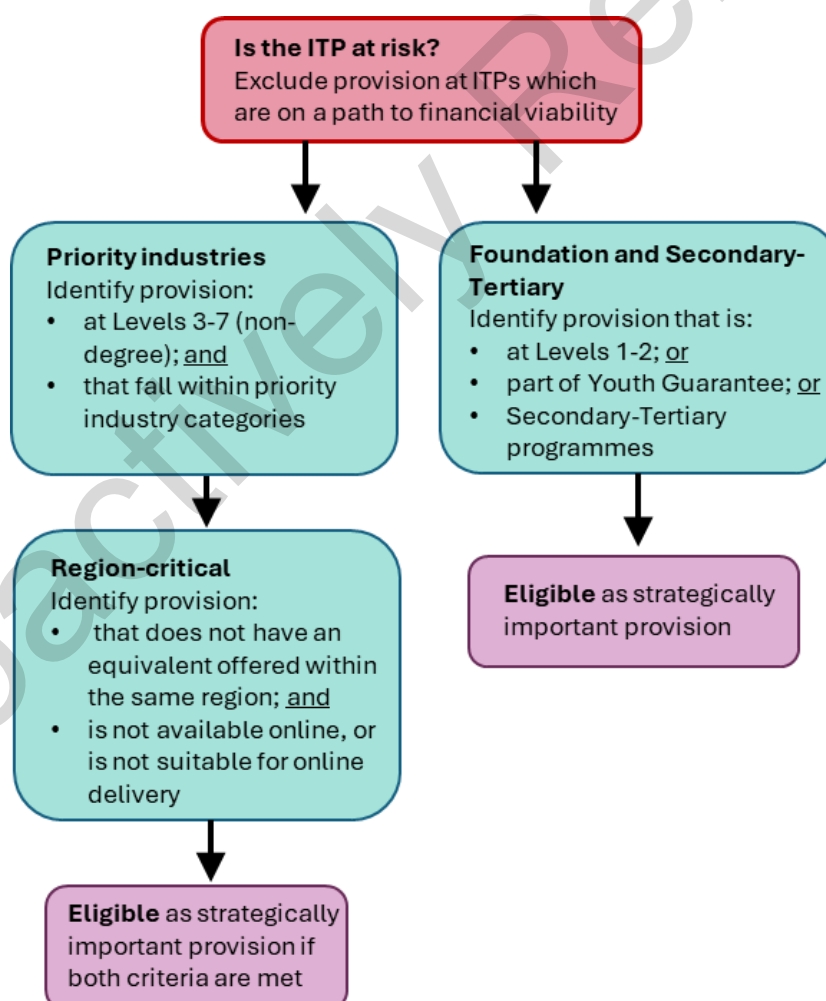
18. We consider it important to have a clear and transparent framework for defining strategically important provision. This will help us to identify strategically important provision within the network that might be at risk during the transition to the new system, and to justify additional support for this provision.
19. We propose a framework for identifying strategically important provision based on the following factors:
  - a. **industry priority** – programmes that are strategically important for the delivery of Government objectives. We suggest that this is provision at Level 3 to 7 in the following sectors:
    - i. healthcare (including community and aged support);
    - ii. trades training related to infrastructure, constructions, logistics and transport; and
    - iii. primary sector training related to agriculture, horticulture and forestry.
  - b. **Region-critical delivery** is provision that is at risk due to the status of an ITP, is not available elsewhere in the region, and is not suitable for online delivery. Your December Cabinet paper gave the examples of VET provision in Northland, Taranaki and the West Coast, and critical agricultural and forestry provision in Otago, Bay of Plenty and Northland.
  - c. **Foundation education** is provision at Levels 1 and 2 and Youth Guarantee. This is critical to providing pathways for young people and adults who have left school with low or no qualifications, especially in geographic regions with high unemployment.
  - d. **Secondary-tertiary programmes** are Gateway and Trades Academy programmes delivered in partnership with secondary schools. They are important for keeping learners engaged in education and improving the responsiveness of schools to business and economic needs.

### Identifying provision at risk

20. Determining whether that provision is at risk and in need of support is more complex, as while some programmes have already been identified as cost-cutting opportunities for ITPs, this work is still developing and ITPs have taken different approaches to it.
21. During the second half of 2024, Specialist Advisors working with Te Pūkenga business divisions carried out reviews of each ITP's financial performance, programme delivery, property portfolio, and overall capability. The 'Phase 1' report identified a number of 'no regrets' actions, including proposed programme closures, to be progressed as part of a pathway to viability for individual ITPs [AM-24-00707 refers]. Revised 'Phase 2a' reports provided by the specialist advisors in November 2024 indicate that approximately 550 individual programmes with approximately 4,200 EFTS would be impacted [AM-24-00881 refers].
22. We began identifying strategically important provision by filtering programmes that were identified for closure (the 'at-risk list') by industry priorities to assess whether this list could provide the basis for identifying programmes to be supported. However, because of the differing approaches taken by ITPs in identifying these programmes, using the 'at risk' list does not consistently identify provision in need of support or necessarily direct that support towards the ITPs who need it most. Some ITPs have proposed significant cuts to what appears to be strategically important provision, whereas others may have excluded this provision from their suggested programme cuts precisely because of their importance for the ITP's regional community.
23. Another drawback with using the 'at risk' list is that it represents a point in time. ITP cost-out work is ongoing, and using the current indicative list as the basis for allocating funding

could mean critical provision that emerges later may not be supported and could still be lost during the transition.

24. To address these issues we recommend determining what provision is considered at risk based on whether the ITP is considered to be on a path to financial viability or not, rather than the existing 'at-risk list'. If an ITP is at risk, all strategically important provision it delivers is potentially at risk. ITPs currently on the path to financial viability can more reasonably be expected to maintain strategically important provision as part of their purpose and operations.
25. Focusing first on the nature of provision would allow you to send a signal to ITPs about what is valued by the Government while simultaneously providing funding to assist them in maintaining it. This can inform their future decision-making and may avoid strategically important provision being targeted for closure in the future.
26. To achieve this, we propose to apply the criteria for strategically important provision outlined above to all provision of at-risk ITPs, rather than only programmes that have been nominated for cuts. This is likely to spread funding more broadly, but is a provision-focused approach. We also consider it to be more transparent and defensible given the varying approaches to currently proposed cuts and the potential for change between now and the implementation of this policy.
27. While we have not yet fully modelled this approach, initial indications suggest that this approach will more effectively distribute funding to regions identified as of concern (e.g. Northland) than using the existing 'at risk list'.



28. We would like to discuss this approach with you to confirm whether it would meet your objectives for strategically important provision. Subject to your feedback, we will provide



you with further analysis of this approach in our next VET funding paper, including indications of how funding would be distributed.

## Options for supporting strategically important provision

### Funding to support this provision

29. The primary source of funding to support provision identified as strategically important is \$15 million per annum in agency savings, which is to be reprioritised toward VET provision. Separate advice on this funding will follow [METIS 1342160 refers].
30. In previous discussions you have also indicated that you would like to reinvest any savings that may eventuate if ITPs see a reduction in learner volume as a result of reducing or cutting programmes to the value of approximately \$33 million. It is, however, unclear how many learners would enter into other provision either at the same ITP or elsewhere in the VET system if their intended programme is unavailable; those who do will continue to contribute to volume. Current Budget plans fund approximately 99% of forecast volume across the tertiary system and committing volume funding elsewhere at this point in time could cause problems later.
31. One option to make use of any underspends that should become available is to seek Cabinet authorisation to transfer volume funding (up to a set amount) to support strategically important provision if VET enrolments are lower than forecast. This would have some parallels with the Tūwhitia – Accelerating Learner Success Fund, for which Cabinet authorised up to \$10 million to be transferred from volume funding. Such a mechanism would help to manage some of the downside risk associated with the ITP reestablishment process and allow for great levels of support to be provided if enrolment volumes are weaker than anticipated.
32. However, the timing of enrolment data will mean that it will not be possible to reallocate funding until mid-2026, possibly creating more complexity around the allocation of funding to support strategically important provision. The Treasury may also object to the proposals on the basis that any underspends are generally expected to return to the centre. If you are interested in exploring this as an option we will provide further advice on this mechanism.

### Potential funding mechanisms

33. We have explored five funding mechanisms as options for how support could be provided:
  - a. **Funding rates** can be increased for priority areas, priority provision can be shifted into a category with a higher rate, or new funding rates could be created to recognise particular needs.<sup>1</sup> This would benefit all providers of that training, without distinction for public, private or regional location. It uses an existing mechanism so has limited implementation costs, but would be a lasting change.
  - b. **Section 556 grants** can be granted to individual 'educational bodies' where you are satisfied that special funding is in the national interest. Providers could be chosen according to agreed criteria, and payments are relatively direct. A risk of this simplicity is that it may be perceived as a 'hand-out' that circumvents the usual rules which apply to other funding.

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<sup>1</sup> The more specialised funding rates which currently exist have high funding rates to acknowledge the unique needs of that provision. Categories F4: Pilot Training and Priority Engineering and F5: Foreign-going Nautical and specialist Agriculture are used for a very small proportion of total delivery at Levels 3-7 (non-degree).

- c. **Base grants** can provide a predetermined and reliable amount of funding for eligible providers, for the designated period. This provides flexibility for providers but is less strongly connected to specific outcomes or provision and not suitable as a transitional measure.
  - d. **Contestable funding** can effectively target specific initiatives or goals by selecting applications which meet the purpose of the funding. It also allows for individualised accountability and measures of success. However, preparing and processing applications has compliance costs for providers and for the TEC. These costs would be particularly disproportionate for time-limited, transitional funding.
  - e. **Criteria-based funding** can be allocated as part of the Investment Plan process according to agreed criteria. It is most effective when the allocation criteria can be clear and transparent. While work would be needed to develop and implement such a fund, it could be integrated with existing allocation processes.
34. **Annex 1** shows an overview of how effective each option is against different objectives. Support for priority learners is not represented in this table because the mechanism used to allocate funding has little influence on the learner experience. The main impact of which mechanism is used is in how funding is spread between providers in the VET network.

### **We propose that initial supports be transitional**

- 35. We recommend taking a transitional approach to supporting strategically important provision at this stage, accompanied by broader support for provider-based learning through funding rate increases.
- 36. The VET system is undergoing a process of change. ITPs are already adjusting their mix of provision with the goal of financial sustainability, and decisions on the model for work-based learning could introduce further change. The network will look different once these changes have been completed. Learners will also move around as their options change, and programme cuts in one area could lead to increased volume in other programmes. Time-limited transitional support allows you to re-evaluate the distribution of funding and the viability of provision as the new system emerges.
- 37. Focusing on transitional support also gives you greater flexibility in presenting options to Cabinet. Some of the more direct funding options come with risks which are mitigated if provided on a time-limited basis. It also makes it easier to make use of funding sources which will not necessarily be available year on year (e.g. reprioritised volume funding) for support during the system transition.
- 38. We recommend transitional supports be made available for the 2026-2027 calendar years, with the option of renewing them or replacing them with a more enduring funding mechanism after that period.
- 39. Combining targeted transitional support for strategically important ITP provision with more general funding rate increases would allow you to support all VET providers based on their provision while giving extra support to ITPs as they are established. We recommend considering support for strategically important provision and for core ITP provision again once the network has settled into its new form, and decisions can be informed by the outcomes of the redesign.

### **Options for Cabinet consideration**

- 40. From the options above we have identified two which we consider appropriate for transitional funding. These could be presented to Cabinet as options to support strategically important provision using the available funding.

### ***A criteria-based fund***

41. Our recommended option is a criteria-based funding stream administered by the TEC as part of the Investment Plan process. This would incorporate a framework for identifying strategically important provision, approved by you, directly as part of the funding mechanism.
42. If using this mechanism, we would suggest allocating funding to eligible ITPs based on the percentage of the programmes they offer which are strategically important.<sup>2</sup> This would ensure that funding is targeted to support the programmes most at risk of closure, where that closure would endanger regional access to training and the training pipeline for priority industries. This has the advantage of being a data-based and transparent approach, and should benefit those ITPs that may have lean but well-focused operations.
43. A mechanism for this purpose could be modelled on the PTE transitions funding that was provided for two years when the Unified Funding System (UFS) was introduced (2023-2024). This provided additional funding for PTEs that delivered 'priority or niche' provision, proportionate to the eligible provision they offered, on a time-limited basis. The purpose was to support eligible PTEs while they adjusted their business models to the changed incentives of the UFS, with the expectation that any necessary changes would be made by the time the funding ended.
44. Transitional support incentivised PTEs to make the necessary changes rather than relying on extra funding continuing to buoy them. The VET redesign transition presents similar incentives and needs for the ITPs.
45. While funding would not necessarily be provided for specific programmes, ITPs would be accountable to TEC expectations as part of their funding agreements. These expectations will include maintaining strategically important provision. Accountability details are likely to differ somewhat between regional divisions/future ITPs depending on the scope and scale of programmes targeted for support.

### ***Section 556 grants***

46. An alternative option for transitional support would be grants under section 556 of the Education and Training Act 2020. These are a Ministerial mechanism which requires you to determine that special funding (outside of the mainstream funding mechanisms) is in the national interest. Section 556 grants are typically more focused on general support for a provider, rather than specific provision.
47. We would recommend that the recipients of section 556 grants be determined with reference to the agreed framework for identifying strategically important provision. You would be more free to use your own judgement to adjust the grants and target provision which may not be as strongly prioritised by the framework and data-based approach, but which you consider important to the national interest.
48. With this mechanism the rationale for funding decisions would be less visible to the sector. This reduces transparency, but allows you to exercise judgement if you perceive a need that is not necessarily identified by data-based criteria. While this enables greater flexibility in decision-making, it also increases the risk that decisions may be perceived as unfair or politicised.

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<sup>2</sup> A proportion of programmes, rather than of EFTS volume, is proposed to avoid larger ITPs benefitting more from support funding (given that the smaller ITPs in more rural areas are broadly of more concern). ITPs in rural areas are also more likely to have a greater proportion of provision in priority areas – although this is to be confirmed by modelling.



49. As for the criteria-based fund, ITPs would continue to be accountable to the TEC through their general funding agreements. You could also emphasise specific expectations in your grant letters to providers as a further signal of your priorities.

### Longer-term support for VET

50. At this stage we recommend using funding rates to provide more long-term and general support for VET provision. You have agreed to reprioritise funding from the Learner Component and to use funding expected through Budget 2025 for this purpose. We will provide you with further advice funding rate increases in our next advice, alongside advice on the allocation of the Budget 2025 cost adjustment. We have previously noted your priorities for a cost adjustment in VET as including trades, agriculture, engineering and health sciences.
51. There may be a need for more permanent support for some provision which is unprofitable but important for the country, a region, or the VET system as a whole. This could also include 'core provision' for ITPs which you may want to specifically support. Other mechanisms could be considered for this purpose in the future, but we recommend waiting to know more about the future shape of the VET network to address the issues that persist and/or emerge.

### Next Steps

52. If you agree with the approach to identifying strategically important provision proposed in this paper, we will model the expected distribution of funding across ITPs and provide this information in our next paper on VET funding issues (13 February 2025).
53. The next paper will provide further advice and seek your policy decisions on VET funding settings to propose to Cabinet. This will include:
- a. proposed changes to funding rates, including through a targeted cost adjustment;
  - b. funding rates and settings for the Learner Component;
  - c. confirming changes to work-based funding rates to provide \$30 million for standard-setting; and
  - d. advice on implementing the National Party commitment to reinstate domestic subsidies for work-based learners who are not New Zealand residents or citizens.
54. The current timeline for the March Cabinet paper is as follows:

Milestone	Date
Paper seeking policy decisions	13 February
Draft Cabinet paper for your approval	27 February
Formal consultation period	6 – 14 March
Cabinet paper lodged	20 March
Cabinet committee	26 March
Cabinet	31 March

55. We would also propose to undertake initial engagement with key agencies ahead of formal consultation, including the Treasury, the Ministry for Social Development, and the Ministry for Primary Industries. We also suggest early consultation with key Ministerial colleagues, noting in particular that Cabinet has asked you to develop options to support strategically important provision in consultation with the Minister for Social Development and Employment [SOU-24-MIN-0174 refers].

## Annexes

The following are annexed to this paper:

Annex 1: Analysis of mechanisms to support strategically important provision

Proactively Released

## Recommended Actions

The Ministry of Education recommends you:

- a. **agree** to define 'strategically important provision' as provision
- at an at-risk ITP; and
  - in a priority industry and region-critical; or
  - foundation education or secondary-tertiary programmes.

☒ Agree ☐ Disagree

- b. **note** that, subject to your feedback on the above definition, we will provide you with further advice on how strategically important provision is distributed across at-risk ITPs

☒ Agree ☐ Disagree

- c. **agree** to allocate agency savings to a support mechanism for strategically important provision at ITPs

☒ Agree ☐ Disagree

- d. **indicate** if you would like further advice on the option of authorising a transfer of volume-funding towards the transitional support mechanism if ITP enrolments are lower than forecast

☒ Yes ☐ No

- e. **agree** that support for strategically important provision should be transitional for 2026 and 2027, with any longer-term funding changes to support strategically important provision determined once the shape of the future network of VET provision emerges

☒ Agree ☐ Disagree

- f. **agree** on the options for supporting strategically important provision that should be included in the Cabinet paper, and which you would like to present as your proposed approach:

Option	Include as an option?	Preferred option?
A TEC administered fund, allocated on the basis of criteria set by the Minister	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (MoE preferred option)
Ministerial grants to ITPs under section 556 of the Education and Training Act 2020	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

OR

**indicate** if you would like to discuss alternative options with officials

☒ Yes ☐ No

- g. **agree** to forward this report to the Minister for Social Development and Employment for her information as consistent with the decisions under SOU-24-MIN-0174

Agree ☒ Disagree

**Proactive Release:**

- h. **agree** that the Ministry of Education release this paper once Cabinet decisions on VET funding settings have been announced, with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

☒ **Agree** ☐ **Disagree**



James Campbell  
**Senior Policy Manager**  
**Te Pou Kaupapahere**  
30/01/2025



Hon Penny Simmonds  
**Minister for Vocational Education**  
01/02/25

Proactively Released

## Annex 1: Analysis of mechanisms to support strategically important provision

Option	Allocation	Accountability	Regional needs	Discipline / industry needs	Simplicity of the funding system	Recommendation
<b>Funding rates</b>	<ul style="list-style-type: none"> <li>To all providers (public and private), by enrolments</li> <li>Categories contain a broad range of provision</li> </ul>	<ul style="list-style-type: none"> <li>Already in place for tuition subsidy funding</li> </ul>	<ul style="list-style-type: none"> <li>Not effective – rates apply to all delivery of a subject around the country</li> <li>Could assist where the nature of delivery incurs costs (e.g. remote sites)</li> </ul>	<ul style="list-style-type: none"> <li>Mixed – can target priority subjects, but imprecisely</li> <li>Increasing granularity adds complexity (and potential controversy)</li> </ul>	<ul style="list-style-type: none"> <li>Effective – uses an existing funding mechanism</li> <li>New funding categories could introduce administrative costs</li> </ul>	<p><i>Not effective for transitional support</i></p> <p><i>Effective for enduring shifts in funding</i></p>
<b>Section 556 grants</b>	<ul style="list-style-type: none"> <li>To providers as chosen by the Minister</li> <li>Funding must be considered “in the national interest”</li> <li>One-off but can be repeated</li> </ul>	<ul style="list-style-type: none"> <li>Typically low accountability as outside of other processes</li> <li>Expectations and parameters could be specified</li> </ul>	<ul style="list-style-type: none"> <li>Effective – could be provided to address regional needs</li> <li>Requires national interest</li> <li>Expectations for the funding would need to be clear</li> </ul>	<ul style="list-style-type: none"> <li>Not effective – grants are to specific providers rather than based on a type of provision</li> <li>Could be effective if a specific provider is key to preserving delivery</li> </ul>	<ul style="list-style-type: none"> <li>Effective – direct grants additional to all other funding</li> <li>Risk that this simplicity is perceived as bypassing the system (a ‘hand-out’)</li> </ul>	<p><i>Effective for transitional support</i></p>
<b>Base grants</b>	<ul style="list-style-type: none"> <li>A set amount or proportion (e.g. by enrolments) to each eligible provider</li> <li>Provides greater certainty of funding</li> </ul>	<ul style="list-style-type: none"> <li>New arrangements would be required</li> <li>Strong accountability could mitigate concerns about ‘propping up’ ITPs</li> </ul>	<ul style="list-style-type: none"> <li>Mixed – could support ITPs to engage with their regions, but if all ITPs are eligible those with high needs gain less benefit</li> <li>High-needs regions have fewer enrolments</li> </ul>	<ul style="list-style-type: none"> <li>Not effective – addresses the needs and role of a provider, not connected to a type of provision</li> </ul>	<ul style="list-style-type: none"> <li>Mixed – requires a new funding stream, but could be designed for simple administration</li> </ul>	<p><i>Not effective for transitional support</i></p> <p><i>Could be considered in future</i></p>
<b>Contestable fund</b>	<ul style="list-style-type: none"> <li>Eligible providers (and/or other organisations) apply for funding</li> <li>Allocation depends on fund criteria and assessment</li> </ul>	<ul style="list-style-type: none"> <li>New arrangements would be required</li> <li>Could be customised for each agreement</li> <li>Recipients could suggest appropriate measures</li> </ul>	<ul style="list-style-type: none"> <li>Mixed – could target by priority and to specific regional needs, but would require resource from providers to apply</li> <li>Gives providers an opportunity to identify their regional needs</li> </ul>	<ul style="list-style-type: none"> <li>Mixed – could support initiatives in collaboration with industry, but less effective for protecting or increasing delivery in priority areas</li> </ul>	<ul style="list-style-type: none"> <li>Not effective – requires a dedicated process and significant work from providers and the TEC</li> <li>A more individualised approach but less simple</li> </ul>	<p><i>Not effective for transitional support</i></p>
<b>Criteria-based fund</b>	<ul style="list-style-type: none"> <li>Dependent on fund criteria</li> <li>Could be incorporated into existing processes</li> </ul>	<ul style="list-style-type: none"> <li>New arrangements would be required</li> <li>Could potentially be based on existing reporting</li> </ul>	<ul style="list-style-type: none"> <li>Effective if targeted by regional criteria</li> <li>Can be based on criteria for strategically important provision</li> </ul>	<ul style="list-style-type: none"> <li>Effective if targeted by industry criteria</li> <li>Can be based on criteria for strategically important provision</li> </ul>	<ul style="list-style-type: none"> <li>Mixed – would require a process, but could be designed for minimal complexity</li> <li>Could be incorporated into existing processes</li> </ul>	<p><i>Effective for transitional support</i></p>