



Report: Revised VET funding Cabinet papers

To:	Hon Penny Simmonds, Minister for Vocational Education Hon Erica Stanford, Minister of Education Hon Louise Upston, Minister for Social Development and Employment		
Date:	14/03/2025	Deadline:	18/03/2025
Security Level:	In-Confidence	Priority:	High
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Why are we sending this to you?

- You are receiving this as follow-up to your feedback on the two draft Cabinet papers relating to VET funding.

What action do we need, by when?

- We are seeking any further feedback you may have by Tuesday 18 March to support lodging these papers together on Thursday 20 March, for consideration the following week.

Key facts, issues and questions

- We have reflected your feedback in the revised draft papers attached to this report, including providing more information, both in this report and in the Cabinet papers, where requested in your feedback.

Alignment with Government priorities

1. This report supports the Government's commitment to disestablish Te Pūkenga and replace it with a more agile, regionally responsive network of vocational educational institutions.

Background

2. On 27 February, we provided Minister Simmonds with two draft Cabinet papers, which are to be lodged together [METIS 1342946 refers]:
 - **Cabinet paper A** sets out her intentions for the funding system for vocational education and training (VET) and reports back to Cabinet with options to support strategically important provision [SOU-24-MIN-0174 refers].
 - **Cabinet paper B** seeks Cabinet agreement to reprioritise funding from within Vote Tertiary Education toward support for strategically important provision in the VET system.
3. On Thursday 6 March we provided Minister Simmonds with revised versions of these papers, following her feedback [METIS 1343932 refers]. Both papers were then circulated for Ministerial and agency consultation, with a deadline of Tuesday 18 March 2025. Agency consultation for Cabinet paper B was limited to Central agencies.
4. As consultation is ongoing, there may be further changes as a result of further feedback received from other Ministers and agencies.
5. On Thursday 13 March Ministers Upston, Stanford and Simmonds discussed the two draft Cabinet papers and provided feedback, requesting updated drafts be provided today to reflect that feedback (as highlighted below).

Draft Cabinet paper A – VET funding

6. We have expanded the information about delivery, benefits and learner cohorts for foundation education and secondary-tertiary programmes in paragraphs 16-18.
7. Youth Guarantee (YG) provision is now explicitly identified as part of the definition of strategically important in paragraph 15. Although most of this is captured under Levels 1-2 a very small percentage of total YG delivery is at Level 3. The proposed Vote Tertiary Education Budget package also includes a 3% increase in funding for YG learner places to meet an anticipated increase in demand for this provision.
8. Paragraphs 12 and 17 make a stronger connection between the VET redesign, the Government's Going for Growth agenda, and job seeker reduction targets.
9. 9(2)(f)(iv)
[Redacted text]
10. Changes to paragraph 25 reflect the fact that while funding for strategically important provision is not intended to require specific existing programmes to continue, it would be a condition of funding that the provider continue to offer delivery in the targeted categories (e.g. foundation education). As part of their role the TEC will monitor what programmes are closed or paused over this period and determine if any provider breaches this condition.
11. We have added text to be more clear that the decisions sought in this paper are an important step in the sequencing required in order to make decisions on the polytechnic network in June this year (paragraph 7). June is the key decision point to check in on how the system will meet strategic priorities going forward, but it is still only a step on the path to the final state of a redesigned VET system (paragraph 32).

12. Two new annexes are included:
 - 12.1. *Annex 3 - Regional overview for 16-24 year olds* was provided by the Ministry for Social Development;
 - 12.2. *Annex 4 - Overview of Trades Academies* shows the distribution of Trades Academies around the country and providers.
13. Some minor rephrasing has been included alongside the requested changes to ensure the paper remains within the ten-page requirement for Cabinet papers.

Draft Cabinet Paper B – funding reprioritisation

14. We have reflected Minister Stanford's decision on Education New Zealand savings, and updated relevant tables in the Cabinet paper.
15. Ministers asked for further funding information on the Tūwhitia – Accelerating Learner Success (Tūwhitia) and Te Tahua o te Reo Kairangi (Te Tahua) funds. We provide details below, and have added a higher-level summary to the Cabinet paper.

Tūwhitia - Accelerating Learner Success fund

16. Three initiatives were funded through the first application round in early 2024:
 - The design and delivery of a whole-of-university, student-centric service delivery model that is technology-enabled and data-informed, supporting success for all learners (Auckland University of Technology)
 - Accelerating the implementation and increasing the scope of learner success initiatives, including by mapping learner journeys and identifying at-risk learners at (Future Skills [PTE]); and
 - Developing a coaching programme which combines data literacy with organisational and infrastructural development to identify system-level barriers for learners (consortium of the University of Canterbury and Victoria University of Wellington).
17. Table 1 below shows the funding that is currently committed through these three contracts.

Table 1. Funding commitments for Tūwhitia, 2024-2026

CY	2024		2025		2026	
FY	23/24	24/25	25/26	26/27		
Future Skills	\$322,500	\$185,250	\$100,000			
AUT	\$296,000		\$425,000			
UC & VUW		\$995,200	\$ 497,600	\$ 2,239,200	\$ 995,200	\$ 248,800
Total	\$1,798,950		\$4,505,800			
			\$6,304,750			

Te Tahua o te reo Kairangi fund

18. A total of \$3 million is allocated to Te Tahua each financial year. Through the three rounds of applications conducted since the establishment of the fund, a total of over \$9.1 million has been allocated so far, across various TEOs, including universities, Te Pūkenga, Wānanga and Private Training Establishments (PTEs). The contracts are clear there should be no expectation of funding continuing beyond the contract period
19. TEC has allocated funding to projects that span up to three years each, although most are one to two years in length. Funds allocated range from a few hundred thousand dollars to over a million dollars per project.
20. The third round of applications in late 2024 saw a noticeable shift in application quality, with applications less aligned to fund criteria. Applications were broadly at a lower level on

the New Zealand Qualifications and Credentials Framework, included less language immersion, and had less direct connection to formal qualifications. From the third round, the TEC funded:

- development of new level 6 and 7 reo Māori qualifications, programmes and micro-credentials;
- expansion and nesting of level 5 and 6 diplomas into a new level 7 Te Reo Māori degree;
- development of an immersive level 5 te reo Māori programme;
- resource expansion and standards and assessment measure updates; and
- expansion and enhancement of Te Tū Marae, a resource book within the ART Confederation.¹

21. For 2025, a total of \$2.6 million has been contracted:

- \$1.9 million across the three Wānanga;
- \$0.350 million with two PTEs; and
- \$0.350 million with a university.

22. Of the \$1.7 million contracted for 2026, \$1 million is with two Wānanga, \$0.377 million with a university and \$0.3 million with a PTE. Table 2 below shows a breakdown of the allocation of funding by provider type and year, and indicates that Wānanga have generally been allocated the bulk of funding.

Table 2. Percentage of funding allocated to each provider type, by calendar year 2023-2026

	2023 (\$1.8m total funding)	2024 (\$3.1m total funding)	2025 (\$2.6m total funding)	2026 (\$1.7m total funding)
Wānanga	68%	40%	73%	60%
Universities	11%	32%	21%	22%
ITPs	20%	9%	-	-
PTEs	-	19%	6%	18%

Next Steps

23. As stated above, there may be further changes as a result of feedback received from other Ministers and agencies.
24. Once all feedback has been received, we will progress these Cabinet papers to being lodged on Thursday 20 March.
25. We are targeting the Cabinet Social Outcomes Committee meeting on 26 March.

Annexes

The following are annexed to this paper:

- Annex A: Draft Cabinet paper - *A redesigned vocational education and training system – funding settings*
- Annex A3: Regional overview for 16-24 year olds

¹ Te Āti Awa ki Whakarongotai, Ngāti Raukawa ki te tonga and Ngāti Toa Rangatira; the founding iwi of Te Wānanga o Raukawa.

Annex A4: Draft – Overview of Trades Academies

Annex B: Draft Cabinet paper - *Funding reprioritisation to support strategically important vocational education and training*

Proactively Released

Recommended Actions

The Ministry of Education recommends you:

- a. **agree** to provide any feedback on the attached documents by Tuesday 18 March

Agree / Disagree

Proactive Release:

- b. **agree** that the Ministry of Education release this paper once Cabinet has taken decisions, with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

Agree / Disagree

Katrina Sutich

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Te Pou Kaupapahere**

14/04/2025

Hon Penny Simmonds

Minister for Vocational Education

___/___/___

Hon Erica Stanford

Minister of Education

___/___/___

Hon Louise Upston

**Minister for Social Development and
Employment**

___/___/___