

# Summary of proposed variations to funding determinations

Section 423 of the Education and Training Act 2020 (the Act) requires the Minister for Tertiary Education to consult with any organisation that may be affected by proposed variations to funding determinations issued under section 419 of the Act. The Minister will consider feedback from affected organisations before deciding whether to proceed with the proposed variations. Following consultation, any variations will come into effect from 1 January 2027.

This year the proposed changes to existing funding determinations largely focus on clarifications or minor changes. In a number of other areas, the Ministry continues to consider funding settings as part of ongoing policy work.

Variations are proposed for the following funding determinations:

- Adult and Community Education
- Delivery at Levels 1 and 2 on the New Zealand Qualifications and Credentials Framework (DQ1-2)
- Delivery at Levels 3 – 7 (non-degree) on the New Zealand Qualifications and Credentials Framework and all industry training (DQ3-7)
- Delivery at Level 7 (degree) and above on the New Zealand Qualifications and Credentials Framework (DQ7-10)
- Literacy and Numeracy Provision
- Performance-Based Research Fund

One new funding determination is also being consulted on, the Tertiary Research Excellence Fund.

A detailed summary of changes made to the funding determinations can be found in Table 1. In addition, some key changes are highlighted below.

## General changes

Paragraphs in some funding determinations, notably the three ‘DQ’ determinations, have been rearranged so that they appear in a more consistent order across documents. This places funding metrics ahead of TEO, learner and programme eligibility requirements, with additional clauses following afterward. Where the text of a section has not been changed, this has not been marked as a tracked change so that actual wording changes can be easily identified.

In line with Budget decisions funding rates have been updated for foundation education funds. Funding rates for the ‘Mātauranga Māori and Te Reo Māori’ classification have also been updated across DQ3-7 and DQ7-10, continuing the implementation of a Budget 2023 decision to increase funding rates for this delivery by 15 percent between 2024 and 2027.

## The Tertiary Research Excellence Fund

A new Tertiary Research Excellence Fund (TREF) funding determination has been drafted following advice from the University Advisory Group and Cabinet decisions. This funding determination is being introduced for 2027 to enable the Tertiary Education Commission to implement changes needed for the full introduction of the TREF from 2029, and to give providers time to prepare.

We consulted sector groups on the design of the TREF in March 2026, which and informed the subsequent Ministerial and Cabinet decisions that this funding determination is based on. However, there are additional details outlined in this funding determination that were not discussed with the sector earlier.

The TREF funding determination introduces the proposed measures from MBIE's Commercialisation Outcomes Measurement Framework (COMF) to be used to allocate the Commercialisation component of the fund, further details on the Policy Impact component, and the proposed weightings given to specific subject areas in the Research Degree Completion component. We are particularly interested in your feedback on these proposals.

Changes to the Performance-Based Research Fund funding determination serve to bridge the gap between this and the implementation of the TREF, including updated weightings for External Research Income sources.

## Limiting PhD enrolments

As signalled in Budget 2026, we have added a clause to the DQ7-10 funding determination which limits the growth of domestically-funded international PhD enrolments for 2027. This is an interim measure ahead of developing a new model for international PhD funding. While this clause limits how PhD enrolments will be funded, providers may choose to enrol additional learners for a PhD programme without tuition subsidies (at the provider's discretion).

## Health and safety learning

Tuition subsidies are not available for education programmes or micro-credentials where the majority of content relates to health and safety or regulatory compliance learning that would displace the responsibility of employers. However, some programmes (particularly micro-credentials) focus on safe practice of a more transferable skill set. To support the delivery of useful industry credentials that have significant health and safety elements, we have added wording to specify that the programme or micro-credential may be fundable where the TEC considers that the relevant content "is part of broader occupational or technical skill development and supports transferable industry-wide skills."

## Delivery in Realm countries

The current settings for delivery in Realm countries (namely the Cook Islands, Niue and Tokelau) are extended to the end of 2027 in these proposals. Delivery which was previously reported and funded in 2025 or earlier can also be funded in 2027. The Ministry's policy work for long-term arrangements in this area is ongoing, so the current settings are extended in the interim.

## Placements and practicums as part of study

A change is proposed for the DQ3-7 and DQ7-10 determinations which introduces a condition of funding that would require providers to ensure they can secure clinical placements or practicums for learners where this is a required part of a qualification, and to demonstrate this to the TEC if

requested. Currently, the TEC can set an expectation that providers must have placements available for their learners, the proposed change enables the TEC to take action where this expectation is not met. Placements are an important part of some fields of study and necessary for learners to complete their qualifications, but we are aware that the capacity of other systems to support placements needs to be managed carefully.

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## **Determinations with no changes for 2027**

Where no updates are proposed for an existing funding determination, the settings that are currently in place would continue.

In some areas there is ongoing policy work, notably on Youth Guarantee which the Ministry of Education will be reviewing. There will be a separate opportunity for consultation on this later in the year. No changes are planned for the Youth Guarantee funding determination until that work is further progressed.

We note that as part of changes to secondary school qualifications and the shift to the New Zealand Certificate of Education, providers who currently deliver NCEA will need to begin thinking about how they will adjust their programmes in order to maintain delivery. These changes will begin to come into effect in 2028, and providers should begin to prepare early for programme approval.

**Table 1: Proposed variations to funding determinations**

Funding determination	Changes
<b>Adult and Community Education (ACE)</b>	<ul style="list-style-type: none"> <li>• Re-ordered paragraphs for consistency with other determinations</li> <li>• Reduced compliance requirements for reporting subcontracting</li> <li>• Clarified wording around requirements for subcontracting of programmes quality-assured by NZQA</li> </ul>
<b>Delivery at Levels 1 and 2 on the NZQCF</b>	<ul style="list-style-type: none"> <li>• Re-ordered paragraphs for consistency with other determinations</li> <li>1. Clarified that, while health and safety or regulatory compliance training that would displace the responsibility of an employer cannot be funded, training that includes these elements but is part of broader occupational or technical skill development and supports transferable industry-wide skills may be funded</li> <li>• Extended temporary settings to allow previously funded delivery in Realm countries to be funded</li> <li>• Clarified wording around requirements for subcontracting of programmes quality-assured by NZQA</li> </ul>
<b>Delivery at Levels 3 – 7 (non-degree) on the NZQCF and all industry training</b>	<ul style="list-style-type: none"> <li>• Re-ordered paragraphs for consistency with other determinations</li> <li>• Clarified that flexible funding does not apply to capped high-cost provision</li> <li>• Clarified that the ‘assessment and verification’ mode of delivery can be used for micro-credentials</li> <li>• Removed classification “#43 Mathematics” as this classification cannot be used for sub-degree provision</li> <li>2. Introduced a condition of funding that a TEO must be able to secure the necessary placements for all the learners that it enrolls in qualifications that require a clinical placement or practicum</li> <li>3. Clarified that, while health and safety or regulatory compliance training that would displace the responsibility of an employer cannot be funded, training that includes these elements but is part of broader occupational or technical skill development and supports transferable industry-wide skills may be funded</li> <li>• Extended temporary settings to allow previously funded delivery in Realm countries to be funded</li> <li>• Clarified wording around requirements for subcontracting of programmes quality-assured by NZQA</li> </ul>
<b>Delivery at Level 7 (degree) and above on the NZQCF</b>	<ul style="list-style-type: none"> <li>• Re-ordered paragraphs for consistency with other determinations</li> <li>• Clarified that flexible funding does not apply to capped high-cost provision.</li> <li>• Removed classification “#38 Foreign Going Nautical” as this classification cannot be used for degree and above provision</li> <li>• Introduced a condition of funding that a TEO must be able to secure the necessary placements for all the learners that it enrolls in qualifications that require a placement</li> </ul>

	<ul style="list-style-type: none"> <li>• Introduced a limit on PhD learner enrolments, as an interim measure ahead of policy change.</li> <li>• Clarified that, while health and safety or regulatory compliance training that would displace the responsibility of an employer cannot be funded, training that includes these elements but is part of broader occupational or technical skill development and supports transferable industry-wide skills can be funded</li> <li>• Extended temporary settings to allow previously funded delivery in Realm countries to be funded</li> <li>• Clarified wording around requirements for subcontracting of programmes quality-assured by NZQA</li> </ul>
<p><b>Literacy and Numeracy</b></p>	<ul style="list-style-type: none"> <li>• Extended the exception for learners with a disability that prevents them from being tested with the LNAAT to all funds under this determination</li> <li>• Clarified wording around requirements for subcontracting of programmes quality-assured by NZQ</li> </ul>
<p><b>Performance-Based Research Fund</b></p>	<ul style="list-style-type: none"> <li>• Clarified that there will be no more Quality Evaluation rounds for this fund</li> <li>• Removed references to Te Pūkenga</li> <li>4. Updated External Research Income weightings to reflect the transition to the Tertiary Research Excellence Fund</li> </ul>
<p><b>Tertiary Research Excellent Fund</b></p>	<ul style="list-style-type: none"> <li>• New funding determination for consultation</li> </ul>