



Report: Draft Cabinet paper and RIS to support decisions on the four remaining polytechnics

To:	Hon Penny Simmonds, Minister for Vocational Education		
Date:	27/02/2026	Deadline:	3/02/2026
Priority:	High		
From:	Katrina Sutich, GM Tertiary Policy	Phone:	9(2)(a)
Drafter:	9(2)(a)	METIS No:	1355140
Title ok for release?		Yes	

Why are we sending this to you?

- You are receiving this draft Cabinet paper and Regulatory Impact Statement (RIS) to progress towards Cabinet decisions in March 2026 on the remaining four polytechnics divisions within NZIST.
- In November 2025 you signalled to Cabinet that you intended to seek decisions in early 2026 to establish the final remaining polytechnics or to ensure they have a presence in their regions [LEG-25-MIN-0242 refers].

What action do we need, by when?

- We would like to discuss the draft papers with you at your meeting with officials on Tuesday 3 March 2026.
- We also seek any written feedback or comments from you by 3 March 2026.
- The Cabinet paper is currently planned to be circulated for Ministerial and agency consultation on 5 March, seeking feedback by 13 March 2026.

Alignment with Government priorities

1. This report aligns with Government priorities to redesign the Vocational Education and Training (VET) system and supports the progress of secondary legislation and further implementation activities for the ongoing roll-out of the redesigned system.

Background

2. On 29 January 2026 we provided advice [METIS 1354727 refers] on the potential pathways to establishment or transfer for the remaining polytechnic divisions within NZIST, and recommendations with regards to progressing these decisions to Cabinet in March 2026.
3. We now provide a draft Cabinet paper for your feedback, and draft RIS for any comment. This is in preparation for Ministerial and agency consultation next week, and lodgement of the Cabinet paper on 19 March 2026, prior to the Cabinet Social Outcomes Committee (SOU) on 25 March 2026.

Current draft of the Cabinet paper

4. The Cabinet paper (attached at **Annex 1**) is in draft form, and we seek your feedback, and any comment you may have on the draft RIS. The drafts have also been discussed with the TEC and Treasury, and they have provided valuable input. Further engagement with agencies will occur during the Ministerial and agency consultation period starting next week.
5. The Cabinet paper sets out the proposed approach to establishing or transferring the four remaining polytechnic divisions. It also seeks decisions on the property issues for NorthTec, Eastern Institute of Technology (EIT), and for Southern Institute of Technology (SIT). Lastly, it seeks agreement to a transfer of funds to top-up strategically important provision funding for 2028 to 2031.
6. Each of the four remaining polytechnic divisions face their own unique challenges. Due to the specific details needing to be communicated for each polytechnic separately in the paper, and the inclusion of the various property funding proposals, the length of the paper has currently tipped over the standard 10-page limit. This is also due to the range of decisions and individual decisions being sought for each of the polytechnics in the recommendations section of the paper. To help to keep it as short as possible, we have moved content to Annexes, for example the Risks and Mitigations section and further detail on financial decisions.
7. We will continue to work to refine the paper and shorten it where we can, but note that, given the complexity, we may remain at 13 or 14 pages. We will liaise with the Cabinet office regarding the length, and as we have done in the past, seek their approval to go beyond 10 pages as needed.

Points to note in the Cabinet paper

Western Institute of Technology (WITT)

8. We have noted briefly in the paper that whilst WITT is forecasting to be in surplus over the 2026 to 2028 period and can be established now without any additional funding decisions, there remains some risk to their long-term sustainability should enrolment forecasts not be met. We have kept reference to this issue brief in the paper, but included in the Risks and Mitigations Annex that WITT could potentially need assistance from the Crown in the future should it face a decline in enrolments or any other external 'shock'.

WelTec/Whitireia

9. 9(2)(b)(ii) [REDACTED]
10. 9(2)(b)(ii) [REDACTED]
11. We have also provided information on the greater checks and balances built in recent times to help prevent this type of situation occurring again.

NorthTec

12. The decisions relating to NorthTec have been set out as three separate decisions as follows:
- 12.1. Firstly, the establishment decision, that is independent of the NorthTec property considerations, but dependent on Cabinet's agreement to utilise \$1.3 million per annum of strategically important provision (SIP) funding to ensure NorthTec's viability beyond 2027.
- 12.2. Secondly, the proposal to support NorthTec to consolidate some of its remaining campus sites, including Ngāwhā, Kerikeri, and Kaitaia and to seek Cabinet's agreement to provide \$4.5 million drawn from the contingency to fund this consolidation.
- 12.3. Finally, the tertiary hub development and NorthTec's relocation to it, and seeking Cabinet's agreement to \$2 million from the contingency for the business case and project initiation costs, \$32.7 million set aside from the contingency to support the full development of the project (including the clinical simulation suite), and agreement to delegate the final decisions to joint Minister's, pending their approval of an appropriate business case.
13. We note that the tertiary hub proposal is outside the original scope of the contingency fund and therefore there is a risk that Cabinet may not agree to the use of contingency funds for that purpose. Additionally, Cabinet may consider the tertiary hub proposal to be a high cost, relatively high-risk project and seek further information before decisions are made.

Tai Poutini polytechnic

14. The Tai Poutini decision is relatively straight forward but is dependent on Cabinet's agreement to provide \$1 million per annum from funding for SIP to support the Open Polytechnic to manage provision on the West Coast from 2028, and to \$2 million from the contingency to support the transition process.

Support for other polytechnic property issues from the contingency

15. We have included your request to seek Cabinet's agreement to \$10 million for Eastern Institute of Technology's cyclone recovery property needs, and \$3.4 million for Southern Institute of Technology's deferred maintenance needs at Telford, to be provided from the contingency fund. Both of these grants would be outside the original scope of the

contingency, and we note Cabinet may not agree to that use. It may be useful to discuss these proposals with Cabinet colleagues during the Ministerial consultation period.

16. We note that the figures used for the full NorthTec hub project (including nursing simulation suites) and for Telford campus maintenance are subject to your decisions on a recent report from the TEC [B-26-00207 refers]. We will update our approach once we receive your feedback.

Use of Workforce Development Council (WDC) underspend to top-up SIP funding

17. We recently informed your office of a potential option to use underspends in the WDCs appropriation [METIS 1355133 refers] to top-up SIP funding from 2028 to 2031, rather than seeking to use contingency funding for this purpose. We have included this proposal in the attached draft Cabinet paper, pending decisions from yourself and Minister Reti on a separate paper [METIS 1355133 refers].
18. \$15 million was previously provided for the 2025/26 financial year to ensure that WDCs would be able to continue their statutory functions in 2025 until they were disestablished [CAB-25-MIN-0085.01 refers]. In accordance with your delegation to the TEC, WDCs were instructed to use their existing reserves first and only use the additional funding when necessary. An underspend of \$14.892 million has now been identified, which indicates that this instruction was well followed.
19. As with the previous approach of using contingency funding, this can provide \$12.057 million to top-up SIP funding while avoiding additional pressure on other funding, which would be likely to have negative impacts for learners in the current high-demand environment. With demands on the VET contingency still subject to change, however, this underspend provides a more reliable source of funding for this purpose while leaving the contingency available for other needs.
20. \$12.057 is sufficient to increase annual SIP funding to \$15 million per year for four years, from 2028 through to 2031, and we expect this is likely to cover the current period of strong learner demand (after which shifting funding to provide a top-up should be easier).

Options for strategically important provision funding

21. Annex 2 of the Cabinet paper outlines options for the future of strategically important provision funding, as invited by the Minister of Finance in her letter of 17 November 2025, and includes a preferred option in line with your decisions [METIS 1355044 refers]. We understand that you have shared these options with Minister Upston, and may seek to use this Cabinet paper as the joint report-back invited in June 2025 [SOU-25-MIN-0076, recommendation 15 refers].
22. The current annex is a draft which can be adjusted based on your feedback, and any feedback received from Minister Upston. If Ministers agree to use this as an opportunity to report back to Cabinet, this can be reflected in the next draft. Alternatively, we can simplify the annex as needed and work with the Treasury to determine any further information the Minister of Finance may require.

Points to note about the Regulatory Impact Statement

23. Officials are continuing to refine the Regulatory Impact Statement (RIS) attached in Annex 2 of this paper. We seek any comments you may have at this stage, and then a finalised version will be sent for Ministerial and agency consultation along with the Cabinet Paper on 5 March 2026.

Risks

24. To save on space in the main body of the paper, we have included a Risks and Mitigations table at Annex 3, which sets out the associated risks and corresponding mitigations for each of the remaining polytechnic divisions. It also includes some implementation risks.

Financial Implications

25. Costs of the proposals in this paper continue to change as more information is received. Your further decisions [B-26-00207 refers] will need to be reflected in future versions of the paper in order to demonstrate how the proposals can be funded from the Te Pūkenga Disestablishment and Transition contingency. 9(2)(f)(iv)
26. 9(2)(f)(iv)
27. We are still working with the TEC and Treasury to prepare the formal financial recommendations for the Cabinet paper, which will reflect the appropriation changes necessary to give effect to other recommendations. This could include the creation of new appropriations and/or specifying funding as operating or capital expenditure as needed. Figures will also need to be updated after your further decisions to ensure that financial recommendations reflect what you wish to propose. We expect these will be available for the next version of the paper.

Next Steps

28. We seek your feedback on the draft Cabinet paper, and any comment on the draft RIS by Tuesday 3 March. We will then amend both papers as needed and circulate them for Ministerial and agency consultation on Thursday 5 March 2026. We will liaise with your office regarding the Ministerial consultation.
29. We will request all feedback from Ministers and agencies be provided by 13 March 2026, and subsequently provide an updated paper to you for your final review on 17 March 2026, before the lodgement date of 19 March 2026.
30. We will also provide draft talking points for SOU to your office on 19 March 2026.

Annexes

- Annex 1: Draft Cabinet paper – Proposed establishment or transfer of remaining polytechnics (plus Cabinet paper Annexes) [attached separately]
- Annex 2: Draft RIS - Regulatory Impact Statement - Policy decisions about the remaining polytechnic divisions of the NZIST. [attached separately]

Final versions of the Cabinet paper and RIS can be found at the below weblink:
<https://www.education.govt.nz/our-work/information-releases/issue-specific-information-releases/vocational-education-and-training-vet-redesign>

Recommended Actions

The Ministry of Education recommends you:

- a. **note** that the attached Cabinet paper and RIS are in draft form and we seek your feedback by 3 March 2026, prior to the Ministerial and agency consultation period starting on 5 March
- Noted**
- b. **note** that due to specific details needing to be communicated for each polytechnic separately in the paper, and the inclusion of the various property funding proposals, the length of the paper has currently tipped over the standard 10-page limit, especially due to the paper requiring separate recommendations for each of the polytechnics. We will liaise with the Cabinet office regarding the length of the paper and seek their approval as needed
- Noted**
- c. **note** the details set out in the paper regarding each of the four polytechnics and the specific risks associated with each decision
- Noted**
- d. **note** that options for strategically important provision included in Annex 2 may need to be updated based on any discussion between yourself and the Minister for Social Development and Employment, and we would like to discuss the approach to this with you
- Noted**
- e. **note** that formal financial recommendations are being prepared in consultation with the Treasury and TEC to accurately reflect the proposals, and these will be confirmed for the consultation version of the Cabinet paper
- Noted**
- f. **note** that the attached draft Cabinet paper includes the proposal to use \$12.057 million in underspends from the Workforce Development Councils appropriation to top-up funding for strategically important provision to \$15 million for four years, pending ministers' decisions in an accompanying paper [METIS 1355133]
- Noted**
- g. **agree** to discuss the draft Cabinet paper and RIS at your meeting with officials on Tuesday 3 March 2026.

Agree Disagree

Proactive Release:

- h. **agree** that the Ministry of Education release this paper once Cabinet decisions are finalised in March 2026 with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.



Katrina Sutich
General Manager
Te Pou Kaupapahere

27/02/2026



Hon Penny Simmonds
Minister for Vocational Education

Agree Disagree

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