Te Tāhuhu o te Mātauranga
Ministry of Education

Report: Consultation feedback on draft Cabinet paper: Proposed establishment or transfer of the remaining four polytechnics

To:	Hon Penny Simmonds, Minister for Vocational Education		
Date:	16/03/2026	Deadline:	17/03/2026
Priority:	High		
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Title ok for release?		Yes	

Why are we sending this to you?

- This report sets out the key feedback from agency consultation on the draft Cabinet paper: *Proposed establishment or transfer of remaining polytechnics.*
- It seeks your decisions on the final edits to the paper prior to lodgement.

What action do we need, by when?

- We request this paper be returned, indicating your final decisions on the Cabinet paper, by COP on 17 March 2026.
- The Cabinet paper must be lodged with the Cabinet Office by 10am on 19 March 2026.

Key facts, issues and questions

- Substantive feedback on the Cabinet paper was received from the Treasury, the Ministry of Business, Innovation and Employment, the Ministry of Social Development, the Ministry of Youth Development, Oranga Tamariki, the Ministry for Primary Industries, the Ministry of Health, the Ministry for Culture and Heritage, the Ministry of Disabled People, and Te Puni Kōkiri.
- This has resulted in a few proposed changes to the paper, and a few to the Risks and Mitigations Annex, as set out in the table at paragraph 11.

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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. You are seeking Cabinet decisions on the remaining polytechnic divisions within the New Zealand Institute of Skills and Technology (NZIST).
3. On 27 February 2026 we provided a draft Cabinet paper for your feedback, (along with the draft RIS) in preparation for Ministerial and agency consultation. After further engagement with you and your office, we circulated the revised draft Cabinet paper for agency consultation on 5 March 2026.
4. The consultation period ended on 13 March 2026, and this report sets out the key feedback from agencies and seeks your decisions on the final edits to the paper, prior to lodgement with the Cabinet office on 19 March 2026. You will present the paper to the Cabinet Social Outcomes Committee (SOU) meeting on 25 March 2026.

Feedback received from Ministers

5. Feedback has been received from Minister Stanford's office. Minister Stanford's feedback has been incorporated into the paper and is tracked at paragraphs 8, 9, 10 and 18. These paragraphs cover her requests to include content regarding how important VET provision is to the regions to support the Going for Growth targets, is critical for vocational pathways for NEETs, and to support strong Secondary-Tertiary pathways to retain learner engagement in schools. These paragraphs have been included in the Executive Summary as requested.
6. Minister Stanford's one further point, to include discussion on how the property issues came to be, has been included in the Background section, as we consider this is less of a 'high-level' summary point and sits more logically in the Background section. We also could not find a way to make it flow logically with the rest of the content in the Executive Summary; however, we can move it if needed. We have added simply factual points on this issue and note your office may wish to edit this further.
7. Feedback has not yet been received from Minister Upston, which means we do not yet know her views on your proposed long-term approach to funding for strategically important provision ('SIP funding'). This is discussed below, and we seek your decision on how to approach this in the Cabinet paper.

Feedback received from Agencies

8. We received written feedback from the Treasury, the Ministry of Business, Innovation and Employment, the Ministry of Social Development, the Ministry of Youth Development, Oranga Tamariki, the Ministry for Primary Industries, the Ministry of Health, the Ministry for Culture and Heritage, the Ministry of Disabled People, and Te Puni Kōkiri.
9. The feedback from the Treasury is the most notable in terms of changes to the paper, but was focussed mainly on the framing of the decisions being sought, in particular the financial decisions. They also advised that the Minister of Finance, and potentially the Minister for Infrastructure, should be included in the Joint Ministers group that will consider the business case for the NorthTec tertiary education hub proposal, and make the final funding decisions for that project.
10. The Ministry of Education also met with agency representatives to discuss their feedback and answer any questions on 10 and 13 March 2026.

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Feedback table and decisions to be made

11. The following table sets out the key feedback provided by agencies and the Ministry's suggested response in terms of whether edits should be made to the paper as a result of the feedback, and whether we are seeking your decision on amendments.

Feedback	MoE Comment/action
1. Treasury	
• More details are needed in the financial recommendations to meet the Treasury standards, including the contingency recommendations need to include more information and clarity on what is happening with the funding already drawn down but not used.	• These are fiscal standards which must be met for proper process. More detail has been added to the recommendations accordingly. • Additional footnotes have been added to the Financial Implications table.
• Preference for contingency funding not to be used for the NorthTec hub development, but if Cabinet agrees to this approach, the funding should be left in the contingency until joint ministers make a decision on the business case.	• If funding is left in the tagged contingency, joint ministers could be authorised to draw down funding up to a certain amount on approval of a business case to avoid a return to Cabinet. **We seek your decision on this approach.**
• The decision to draw down funding from the contingency for the NorthTec hub move, on acceptance of a business case, needs to include the Minister of Finance among joint ministers. Treasury also recommends including the Minister for Infrastructure.	• We recommend including the Minister of Finance among joint ministers for this decision, as it involves drawing down contingency funding. **We seek your agreement to this approach.**
• 9(2)(b)(ii) [redacted]	• 9(2)(b)(ii) [redacted]
2. Ministry of Primary Industries (MPI)	
• MPI suggested the Cabinet paper does not provide a clear assessment of: o whether the sector has been placed on a financially sustainable footing, o the robustness of forward forecasts, or the remaining vulnerabilities that could affect delivery.	• We discussed both of these issues with MPI. • These issues are discussed in the Risk and mitigations Annex, and we do not recommend further detail be added to the paper on these points.
• MPI also had concerns about focussing the SIP funding on the polytechnics and felt some should be directed towards work-based learning (WBL).	• We have noted to MPI that the intended use of the remaining SIP funding is yet to be confirmed.
• MPI also suggested the paper include detail on the wider story behind the VET changes, including the changes to ISBs, and the impact of all the programme rationalisation on learners.	• We have referenced last year's Cabinet decision papers that set out the background of the wider system changes, more clearly in the paper.
3. *Ministry for Culture and Heritage (MCH)*	
• MCH support the provision of funding for deferred maintenance at Telford due to the campus being a heritage listed building.	• We do not recommend any changes to the paper based on MCH's feedback.

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4. *Ministry of Disabled People (Whaikaha)*	
Whaikaha's feedback was focussed on: • Prioritising continuity of delivery of programmes popular with, and suitable for, disabled learners in the transfer of Tai Poutini Polytechnic to the Open Polytechnic. • Ensuring accessibility is at the forefront of planning for polytechnic property and building projects. • Whaikaha expressed support for the funding boost for strategically important provision including for foundation education.	• We will add a reference in the paper to the June 2025 Cabinet paper on the polytechnics that included an Annex on learner impacts. • We have added comments to the RIS regarding access barriers and discontinuation of programmes for learners with disabilities. • Information regarding accessibility of new or refurbished buildings will be passed onto the TEC (to pass onto NorthTec when commissioning the business case for NorthTec).
5. *Ministry of Social Development (MSD)*	
• MSD recommended the paper include more detail on the impacts of campus consolidation on the West Coast and Northland including the negative impacts on local communities due to limited education and employment opportunities, and the risk this can shift the financial burden across government by increasing the numbers of beneficiaries.	• These impacts are noted in the Risks and Mitigations Annex, but we have added some further detail to the Annex to ensure it is clear.
• They were concerned that SIP funding being used to stabilise polytechnics may neglect other areas of VET provision such as work-based learning that serves low-skilled people.	• We have noted that the intended use of the remaining SIP funding is yet to be confirmed, and also that any work-based learning moving into polytechnics would be supported if the funding is focussed on polytechnics (but we do not yet know how significant this will be). • We have added a line at paragraph 46 to note the trade-offs when SIP is directed to polytechnics and also noted this in the RIS.
• MSD also queried if there has been any strengthening of the polytechnic governance structures this time.	• We explained how the appointment processes work for the new polytechnic councils, the statutory interventions available, and how they can be initiated earlier now when risk is identified. We have added a line to the paper at paragraph 12 to note that the TEC will be monitoring the polytechnics closely in this regard.
6. *Ministry of Health (MoH)*	
• MoH noted the importance of access to education and training for the health workforce, especially for those needing learner support and equity for Māori and Pacific learners. • MoH supports the health simulation suite for NorthTec. • MoH noted the long-term financial viability risks and have concerns around learner access if polytechnics reduce or close programmes.	• No changes to the paper required as a result of MoH feedback.

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7. *Ministry of Business, Innovation and Employment (MBIE)*	
• MBIE's key concern was whether Cabinet has the opportunity to consider whether each polytechnic should be established as a stand-alone institution or be transferred to the Open Polytechnic. • They suggested there may be marginal benefits from stand-alone institutions, and more information could be provided on the additional benefits from establishing stand-alone polytechnics compared to being transferred to the Open Polytechnic (e.g. higher enrolments, educational outcomes, regional development etc).	• We do not recommend further changes to the Cabinet paper on these points but can include relevant notes in the talking points we will prepare to support Minister Simmonds at Cabinet.
• Regarding EIT, MBIE noted the final cost for the property needs is uncertain, and there is no indication the proposed $10 million grant will cover any shortfall, or whether further funding may be sought in the future (e.g. is the $10 million a cap or might further grant requests be considered?). The paper also does not discuss what (if any) conditions will be placed on the proposed grant (e.g. can it only be used for remediation work?). • Regarding SIT, MBIE felt the paper should explain why additional funding is needed, what alternative options were considered, and why alternative options are not viable. They also questioned what the likely outcomes are if Cabinet does not approve additional $2.4m in funding.	• The Ministry understands this is a one-time grant to assist EIT, and no further property funding is envisaged. We have clarified the wording in the paper accordingly. • The Ministry has no further information to include regarding the property costs at Telford, and do not recommend any changes to the Cabinet paper at this stage. We are happy to make any further edits for clarity the Minister can suggest.
• MBIE questioned whether consideration has been given to alternative uses of the $12.057 million underspend in the WDC appropriation (e.g. allocating it to ISBs), and why using it for strategically important provision funding is the best alternative use.	• We have considered possible uses of this underspend and consider using it as an alternative to drawing on other funding to be the best use at this time. Underspends would need to be transferred before the end of the current financial year or be returned to the centre, and this use keeps funding within the VET subsector and mitigates the impact of SIP on wider volume pressures. • We do not recommend any changes to the Cabinet paper on this point, but can provide supporting information in the talking points.
• MBIE suggested the paper could highlight the risks related to the impact on international enrolments and New Zealand's reputation if institutions fail to remain financially viable. This is particularly in the context of some media coverage around "aggressive" recruitment of international students to generate revenue given their financial situation which may create perverse incentives in recruitment practices and create impacts/risks on programme quality, and system integrity, including immigration.	• The TEC and NZQA will monitor this. We do not recommend changes to the Cabinet paper in relation to this point, but have included some relevant lines in the Risks and Mitigations Annex.
• MBIE suggested the monitoring section of the RIS include details on the financial and performance monitoring that will be undertaken, alongside the existing information on the monitoring of learner and system outcomes.	• We have added a comment to the RIS regarding the TEC's regular monitoring of the financial performance of polytechnics.

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Ministry for Youth Development (MYD) and Oranga Tamariki	
• MYD noted similar risks as those identified by MSD regarding access and transport to onsite campus delivery for young people in Northland (particularly the Far North) and on the West Coast, and they recommended consultation with young people and youth development organisations prior to decision-making. They noted the particular impact of campus consolidation on Māori given the higher Māori population in the Northland, and the impact of the reduction in Mātauranga Māori focussed programmes and FTE on the West Coast on Māori learner engagement. • MYD suggested the Population implications section could include discussion of the cultural impact, as cultural connectedness is a protective factor for young people.	• No additional changes are recommended based on this feedback from MYD, as we have already strengthened both the Risks and Mitigations Annex and the RIS in this respect. • Due to the space constraints in the paper, we do not recommend further detail be added to the Population implications section of the paper, but have added detail on the loss of cultural connectedness impacting on learner engagement in the Risks and Mitigations Annex.
• MYD also noted similar concerns regarding access for learners with disabilities, rural learners, and learners with low prior achievement. (Oranga Tamariki also noted that the changes proposed may present some access, equity and continuity risks for young people they work with). • MYD suggested proactive steps be considered to minimise impact on learners, address workforce training needs and gaps that will be created, and connect hard-to-reach young people into vocational education.	• We have strengthened the wording in the RIS about the compounding effects of the redesign on disabled learners. • We have also noted in the RIS the lack of recent engagement with specific demographic groups who may be affected like Māori, Pacific, young people and learners with disabilities. • The TEC have monitoring plans in place, but we will engage with the TEC to ensure all coverage gaps and impacts of different types of learners has been considered.

Changes tracked into the Cabinet paper for review

12. We understand you do not want to make changes to the Cabinet paper based on the Treasury's feedback, however the formatting changes to ensure the financial recommendations meet the required standard format are necessary. Additionally, the Ministry recommends incorporating the changes suggested by the Treasury regarding the following:

    12.1. the inclusion of the Minister of Finance as one of the Joint Ministers in the NorthTec hub funding decisions,

    12.2. that the paper seeks Cabinet's in-principle agreement to the funding for the NorthTec tertiary hub, but that the funds are not drawn down from the contingency until after Joint Ministers have considered and approved an appropriate business case, and

    12.3. 9(2)(b)(ii) [redacted]

13. We have tracked these suggested changes into the Cabinet paper for you to consider, and seek your decision on whether to keep them or not. We consider these changes will reassure Cabinet colleagues and support clear decision-making. Without these changes being made, we consider the risk of disagreement at Cabinet to be higher, which could result in delays to the timeline given the limited sitting days in April and the approaching Budget moratorium

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period. You will note these changes are tracked into the document and we can easily remove them if needed.

14. With the additional feedback from Minister Stanford included, as well as the necessary edits to the recommendations required by Treasury, the paper is now 11 pages long if all the current tracked changes are accepted. This includes over 3 pages of recommendations which have already been significantly edited. Feedback from Minister Stanford's office was that 11 pages would be fine. We can discuss any further edits with you as required.

15. We are finalising the presentation of financial details to reflect the Treasury's guidance and the uses of contingency funding to date. We may need to make further minor edits to the presentation (but not substance) of figures for the final version of the Cabinet paper, and we will ensure that any such changes also reflect your final decisions.

Future funding for strategically important provision

16. We understand that your office has shared our advice, and your decisions, about the future of SIP funding with the Minister for Social Development, but that her feedback has not yet been provided. This will be key to the framing of this funding in the Cabinet paper. Because you were invited to report back to Cabinet jointly, there are risks in presenting your intentions before you have had the opportunity to fully consult with Minister Upston.

17. While this paper does not seek decisions on the overall approach to SIP funding, agency feedback reflected a desire to see the next steps toward these decisions. It is also more difficult for Cabinet to weigh the impact of reserving funding for NorthTec and West Coast provision without knowing what the alternative use of that funding would be.

18. In this instance there is also a balance to be struck between consulting Minister Upston before committing to a report back on an approach to long-term SIP funding, and the invitation from the Minister of Finance to share the options under consideration.

19. At this stage we have not made changes to this content in the draft Cabinet paper. We seek your decision on whether you want to keep options for long-term SIP funding focused on polytechnics (mostly contained in Annex 3) as part of this paper, or to instead remove this and signal a further paper to fulfil the joint report-back previously agreed. This future paper can also provide the discussion of options invited by the Minister of Finance.

20. We note that a separate paper will provide more time to confirm your preferred approach with other relevant Ministers, but will also highlight SIP funding decisions more specifically which may invite more debate of the options.

Supporting NorthTec and the Open Polytechnic until 2031

21. Based on your previous feedback we have changed the current proposals to support the viability of NorthTec, and of West Coast provision transferred to the Open Polytechnic, by drawing on SIP funding from 2028 to 2031 rather than indefinitely. This covers the period for which SIP funding will be boosted by underspends, although SIP funding will still be available past that point.

22. We would like to discuss your preferred messaging around the 2031 end date. This approach provides medium-term support without committing to extra funding in perpetuity, but Cabinet may seek to understand what factors will change by that point, and/or what approach is intended if this provision does not become more viable.

Risks

23. We note the number and range of decisions being sought in this Cabinet paper, including the various property decisions, and the potential risk that Cabinet may not agree to all proposals

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at this time. This could impact the timeline for establishing (or transferring) the remaining four polytechnics. The current timeline proposes you will provide a paper to the Cabinet Legislation Committee in May, seeking agreement to submit the establishment Orders in Council to the Executive Committee. Should any of the proposals in this Cabinet paper be unsuccessful at SOU, we will need to reconsider the timeline and will have to provide further advice on the impact that may have due to limited sitting days in April and the Budget moratorium period.

24. There are risks with either decision regarding information about future SIP funding. Providing information about your preferred approach, without the prior support of relevant ministers, particularly Minister Upston, could mean these fail to secure Cabinet support, and in the worst case scenario could delay the approval of other proposals in this paper. If no information is provided about the wider plans for SIP funding, this makes it more difficult for Cabinet to fully understand the impacts of drawing on this funding to support NorthTec and the Open Polytechnic. This will need to be managed through talking points and signals in the paper as to when Cabinet can expect to hear the next steps for this work.

Next Steps

25. The next steps are as follows:

17 March	Discuss final changes to Cabinet paper with Minister Simmonds if required
18 March	Final Cabinet paper for Minister Simmonds' approval
19 March	Cabinet paper lodged by 10am
25 March	SOU Committee
30 March	Cabinet confirmation

Annexes

Annex 1: Draft Cabinet paper - *Proposed establishment or transfer of remaining polytechnics*

Annex 2: Annex 3 to the Cabinet paper: Further detail and options for strategically important provision funding (to consider for removal)

Annex 3: Annex 4 to the Cabinet paper: Risks and Mitigations (changes to the Annex are highlighted in the Annex)

Annex 4: Updated Regulatory Impact Statement

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Recommended Actions

The Ministry of Education recommends you:

a. **note** that the Ministry has tracked changes into the Cabinet paper based on feedback from Ministerial and agency consultation for your review, and also highlighted some changes to the Risks and Mitigations Annex

Noted

b. **note** we have attached the updated Regulatory Impact Statement (RIS) at Annex 4 to this paper for your information – we will finalise the RIS once we have confirmed all feedback on the paper from your office

Noted

c. **agree** to incorporate feedback from the Treasury:

i. include the Minister of Finance among Joint Ministers to authorise the release of funding for the NorthTec hub, on approval of a business case

Agree / Disagree

ii. seek Cabinet's in-principle agreement to the funding for the NorthTec tertiary hub in this paper, but to not draw down funds from the contingency until after Joint Ministers have considered and approved an appropriate business case

Agree / Disagree

iii. 9(2)(b)(ii) [redacted]

Agree / Disagree

d. **agree** to the highlighted changes to the Risks and Mitigations table

Agree / Disagree

e. **note** that we may need to make further minor edits to the presentation of financial figures to reflect prior decisions and Treasury guidance

Noted

f. **indicate** your preferred approach to long-term funding for strategically important provision on this paper as one of the following:

i. keep Annex 3 to indicate to Cabinet that your preferred approach is to provide this funding to polytechnics, and you have considered options for how this can be done

Yes / No

ii. remove Annex 3 and indicate only that your intention is "to keep this funding focused on supporting the public provision of vocational education in the long-term," and you will report back to Cabinet and seek decisions on this in mid-2026

Yes / No

g. **note** that we would like to discuss your preferred messaging regarding the additional funding support for NorthTec and the Open Polytechnic ending in 2031, to inform talking points

Noted

h. **indicate** if you would like to discuss any of the proposed changes, as set out in this paper, with officials on Tuesday 17 March 2026.

Yes / No

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Proactive Release:

i. **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

Agree / Disagree



Katrina Sutich
GM Teriary Policy
Te Pou Kaupapahere

16/03/2026

Hon Penny Simmonds
Minister for Vocational Education

__/__/____

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