

# *Vote Tertiary Education*

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APPROPRIATION MINISTER(S): Minister for Universities (M14), Minister of Education (M26), Minister for Vocational Education (M119)

DEPARTMENT ADMINISTERING THE VOTE: Ministry of Education (A19)

RESPONSIBLE MINISTER FOR MINISTRY OF EDUCATION: Minister of Education

## *Overview of the Vote*

The Minister for Vocational Education is responsible for appropriations in Vote Tertiary Education for the 2025/26 financial year covering the following:

- a total of just over \$13 million for services from the Ministry of Education
- a total of nearly \$67 million for services from the Tertiary Education Commission (TEC)
- a total of nearly \$365 million to support research and research-led teaching
- a total of \$24 million to support the educational delivery and outcomes of wānanga
- a total of \$40 million to support the transfer of industry standard-setting functions from Workplace Development Councils to, and the establishment of, Industry Skills Boards
- a total of nearly \$9 million to improve the relevance to industry of tertiary education provision
- a just over \$2 million capital grant to the TEC for the development of systems to support the implementation of the final-year Fees Free scheme, and
- a total of just over \$3,229 million for tuition and training subsidies to improve the skill levels of New Zealanders.

The Minister of Education is responsible for appropriations in Vote Tertiary Education for the 2025/26 financial year covering a total of nearly \$29 million for services from Education New Zealand.

The Minister for Universities is responsible for appropriations in Vote Tertiary Education for the 2025/26 financial year covering a total of nearly \$17 million for scholarships and other awards in the tertiary sector.

Details of these appropriations are set out in Parts 2-4.

# Details of Appropriations and Capital Injections

## Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses</b>			
<b>Stewardship and Oversight of the Tertiary Education System (M119) (A19)</b> This appropriation is limited to providing advice and services to support Ministers to discharge their portfolio responsibilities relating to tertiary and international education, as well as administrative and oversight activities including research and monitoring the tertiary education system.	13,012	13,012	<b>13,001</b>
<b>Total Departmental Output Expenses</b>	13,012	13,012	13,001
<b>Non-Departmental Output Expenses</b>			
<b>Administration of and Support for the Tertiary Education and Careers Systems (M119) (A19)</b> This appropriation is limited to giving effect to the Tertiary Education Strategy by effectively investing in, monitoring, informing and influencing the tertiary education and careers systems, managing the Crown's ownership interest in tertiary education institutions, and providing advice and support to Ministers.	69,520	69,520	<b>66,915</b>
<b>Centres of Research Excellence (M119) (A19)</b> This appropriation is limited to the purchase of cooperative and collaborative tertiary research in areas of research strength in the tertiary education sector through the contestable Centres of Research Excellence Fund.	49,800	49,800	<b>49,800</b>
<b>Industry Standards-Setting Functions (M119) (A19)</b> This appropriation is limited to expenses incurred in setting up industry standards-setting organisations and performing their statutory functions.	-	-	<b>25,000</b>
<b>International Education Programmes (M26) (A19)</b> This appropriation is limited to delivery of services in respect of international education, including promotion, information, research and professional development, both in New Zealand and overseas, for the purpose of delivering an excellent student experience, achieving sustainable growth and developing global citizens.	30,027	25,962	<b>28,932</b>
<b>Support for Wānanga (M119) (A19)</b> This appropriation is limited to supporting wānanga in the tertiary education system to undertake teaching and research that maintains, advances and disseminates knowledge regarding āhuatanga Māori according to tikanga Māori.	24,000	24,000	<b>24,000</b>
<b>Tertiary Education Research and Research-Based Teaching (M119) (A19)</b> This appropriation is limited to funding research and research-based teaching on the basis of measured research quality in tertiary education organisations.	315,000	315,000	<b>315,000</b>
<b>Tertiary Sector / Industry Collaboration Projects (M119) (A19)</b> This appropriation is limited to funding activities that improve the relevance to industry of tertiary education provision.	17,399	17,399	<b>8,937</b>
<b>Workforce Development Councils (M119) (A19)</b> This appropriation is limited to expenses incurred on Workforce Development Councils setting up their organisations and performing their statutory functions.	65,000	65,000	<b>15,000</b>
<b>Strategic Support for National and Regional Priorities (M119) (A19)</b> This appropriation is limited to supporting the tertiary education sector to respond to national and regional priorities, including maintaining and developing innovative programmes of learning.	41,420	38,968	-
<b>Total Non-Departmental Output Expenses</b>	612,166	605,649	533,584

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
<b>Benefits or Related Expenses</b>			
<b>Tertiary Scholarships and Awards (M14) (A19)</b> This appropriation is limited to providing scholarships and other awards in the tertiary sector to students, researchers and teachers, within New Zealand and internationally.	21,428	21,079	<b>16,942</b>
<b>Total Benefits or Related Expenses</b>	21,428	21,079	16,942
<b>Non-Departmental Other Expenses</b>			
<b>Fees-free Payments (M14) (A19)</b> This appropriation is limited to ensuring fees-free study for eligible students, apprentices and trainees.	153,000	150,000	-
<b>Total Non-Departmental Other Expenses</b>	153,000	150,000	-
<b>Non-Departmental Capital Expenditure</b>			
<b>Tertiary Education Commission - Final-year Fees Free (M119) (A19)</b> This appropriation is limited to development of systems to support the implementation of the final-year Fees Free scheme.	3,257	3,257	<b>2,087</b>
<b>Support for Lincoln University (M14) (A19)</b> This appropriation is limited to the rebuild of the science facilities at Lincoln University.	5,000	5,000	-
<b>Tertiary Education Institutions' Proceeds from Disposal of Crown Assets (M14) (A19)</b> This appropriation is limited to investing in Tertiary Education Institutions (TEIs) their share of the proceeds from the disposal of assets used by TEIs that are or were previously held in Crown title.	20,616	-	-
<b>Vocational Education Data System (M119) (A19)</b> This appropriation is limited to providing capital to the Tertiary Education Commission for the development and delivery of an information technology system to support the implementation of a unified funding system for the vocational education system.	5,000	5,000	-
<b>Total Non-Departmental Capital Expenditure</b>	33,873	13,257	2,087
<b>Multi-Category Expenses and Capital Expenditure</b>			
<b>Tertiary Tuition and Training MCA (M119) (A19)</b> The single overarching purpose of this appropriation is to support and fund tertiary tuition and training that results in improvements in New Zealanders' skill levels.	3,122,906	3,115,989	<b>3,228,624</b>
<b>Non-Departmental Output Expenses</b>			
<i>Access to and Success in Tertiary Education</i> This category is limited to improving access to and success in tertiary education and training for learners underserved by the tertiary system, particularly those identified in the Tertiary Education Strategy.	99,352	106,817	97,398
<i>Foundation and Community Education</i> This category is limited to funding for adult and community education, literacy, numeracy and English language provision, and other foundation education programmes.	312,043	316,872	321,996
<i>Qualification Delivery</i> This category is limited to funding for teaching, training and learning services that support enrolled students at tertiary education organisations to achieve recognised tertiary qualifications and credentials.	2,711,511	2,692,300	2,809,230
<b>Total Multi-Category Expenses and Capital Expenditure</b>	3,122,906	3,115,989	3,228,624
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	3,956,385	3,918,986	3,794,238

## Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>Non-Departmental Capital Expenditure</b>		
<b>Crown Loan to Support the Transformation of Te Pūkenga (M119) (A19)</b> This appropriation is limited to the provision of a concessionary Crown loan to Te Pūkenga for the purpose of implementing an IT transformation programme.  Commences: 03 July 2023  Expires: 30 June 2028	Original Appropriation	220,000
	Adjustments to 2023/24	(220,000)
	Adjustments for 2024/25	-
	Adjusted Appropriation	-
	Actual to 2023/24 Year End	-
	Estimated Actual for 2024/25	-
	Estimate for 2025/26	-
	Estimated Appropriation Remaining	-

# Supporting Information

## Part 1 - Vote as a Whole

### 1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Ceasing Funding for the Prime Minister's Scholarships	<b>Tertiary Scholarships and Awards</b> Benefits or Related Expenses	-	(3,750)	(3,750)	(3,750)	(3,750)
Delivering Quality and Timely Primary Care: Next Steps and Implementation (see also Vote Health in the Health Sector, Vote Social Development in the Social Services and Community Sector and Vote Revenue in the Finance and Government Administration Sector)	<b>Tertiary Tuition and Training MCA</b> Qualification Delivery Non-Departmental Output Expense	-	434	1,297	2,151	3,191
Final-year Fees Free - Finalising TEC Administration Costs and Clarifying Policy Parameters	<b>Administration of and Support for the Tertiary Education and Careers Systems</b> Non-Departmental Output Expense <b>Tertiary Education Commission - Final-year Fees Free</b> Non-Departmental Capital Expenditure	(9,189)  3,257	(1,982)  2,087	1,020  -	1,020  -	1,020  -
Funding an Increase to Targeted Higher Education Tuition Subsidies	<b>Tertiary Tuition and Training MCA</b> Qualification Delivery Non-Departmental Output Expense	-	9,193	18,386	18,386	18,386
Funding for Industry Standard-Setting Functions	<b>Industry Standards-Setting Functions</b> Non-Departmental Output Expense <b>Tertiary Tuition and Training MCA</b> Qualification Delivery Non-Departmental Output Expense	-  -  -	25,000  (15,000)	30,000  (30,000)	30,000  (30,000)	30,000  (30,000)
Increased Funding for Tertiary Education and Training Enrolments	<b>Tertiary Tuition and Training MCA</b> Foundation and Community Education Qualification Delivery Non-Departmental Output Expenses	-  -  -	1,427  59,106	2,855  42,304	2,855  -	2,855  -

Policy Initiative	Appropriation	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Redesigned Vocational Education and Training System: Funding Settings	<b>Workforce Development Councils</b>  Non-Departmental Output Expense	-	15,000	-	-	-
Supporting Strategically Important Vocational Education and Training: Funding Reprioritisation	<b>Administration of and Support for the Tertiary Education and Careers Systems</b>  Non-Departmental Output Expense  <b>International Education Programmes</b>  Non-Departmental Output Expense  <b>Tertiary Sector / Industry Collaboration Projects</b>  Non-Departmental Output Expense  <b>Tertiary Tuition and Training MCA</b>  Access to and Success in Tertiary Education  Qualification Delivery  Non-Departmental Output Expenses	-   -  -   (7,797)  -  -	(3,475)   (1,350)   (3,556)   (1,765)  13,940	(4,050)   (1,350)   (3,556)   -  12,840	(4,050)   (1,350)   (3,556)   -  9,075	(4,050)   (1,350)   (3,556)   -  8,956
Tertiary Education Tuition and Training Subsidy Increase - Targeted Cost Adjustments	<b>Tertiary Tuition and Training MCA</b>  Foundation and Community Education  Qualification Delivery  Non-Departmental Output Expenses	-  -  -	4,714  25,648	9,427  51,296	9,427  51,296	9,427  51,296
Transfer of Fees Free Payments to Vote Revenue	<b>Fees-free Payments</b>  Non-Departmental Other Expense	(1,591)	(50,653)	(68,846)	(117,666)	(161,855)
Vocational Education and Training Reforms: Consultation Options	<b>Strategic Support for National and Regional Priorities</b>  Non-Departmental Output Expense  <b>Tertiary Tuition and Training MCA</b>  Qualification Delivery  Non-Departmental Output Expense	(40,912)   40,912  -	(81,826)   81,826	(81,826)   81,826	(81,826)   81,826	(81,826)   81,826
<b>Total Initiatives</b>		<b>(15,320)</b>	<b>75,018</b>	<b>57,873</b>	<b>(36,162)</b>	<b>(79,430)</b>

## 1.2 - Trends in the Vote

### Summary of Financial Activity

	2020/21	2021/22	2022/23	2023/24	2024/25		2025/26			2026/27	2027/28	2028/29
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
<b>Appropriations</b>												
Output Expenses	615,899	648,502	690,612	649,882	625,178	618,661	13,001	533,584	546,585	538,775	535,475	535,475
Benefits or Related Expenses	14,852	19,547	20,276	19,905	21,428	21,079	N/A	16,942	16,942	16,942	17,419	18,283
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	344,946	494,559	347,064	350,603	153,000	150,000	-	-	-	-	-	-
Capital Expenditure	33,284	70,150	27,000	23,641	33,873	13,257	-	2,087	2,087	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	1,723,673	2,780,926	2,787,871	2,914,179	3,122,906	3,115,989	-	3,228,624	3,228,624	3,170,963	3,129,027	3,132,347
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Appropriations</b>	2,732,654	4,013,684	3,872,823	3,958,210	3,956,385	3,918,986	13,001	3,781,237	3,794,238	3,726,680	3,681,921	3,686,105
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	543	3,136	6,479	12,036	3,356	3,356	N/A	3,356	3,356	3,356	3,356	3,356
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	543	3,136	6,479	12,036	3,356	3,356	N/A	3,356	3,356	3,356	3,356	3,356

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations in the Details of Appropriations and Capital Injections.



## Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table.

### 1.3 - Analysis of Significant Trends

Significant changes in departmental and non-departmental appropriations related to tertiary and international education between 2020/21 and 2028/29 are discussed briefly below.

#### *Departmental Output Expenses*

Movements in departmental output expenses largely relate to:

- participation in the Organisation for Economic Cooperation and Development's (OECD's) Programme for the International Assessment of Adult Competencies (PIAAC) from 2020/21 to 2023/24
- implementation of the previous government's Reform of Vocational Education from 2020/21 to 2022/23 including the establishment of a single national vocational education institution (Te Pūkenga - New Zealand Institute of Skills and Technology)
- transfer of funding from 2023 for the delivery of Student Wellbeing initiatives and the Dispute Resolution Service to non-departmental output expense International Education Programmes as external services providers are used, and
- Ministry of Education efficiency savings from 2024/25 in Budget 2024.

#### *Non-Departmental Output Expenses*

Most tertiary education and training funding is through non-departmental output expenses with the majority of that providing tuition and training subsidies or supporting research-led teaching.

The major changes to these appropriations over the trend period are mainly owing to:

- increases in tuition and training subsidy rates to support tertiary providers to manage increases in delivery costs
- reallocation of under-utilised Youth Guarantee fees-free places to fund 2,000 additional Trades Academy places in Vote Education from 2020
- provision to implement the Government's commitment to give tertiary education organisations greater certainty over funding in 2020, regardless of any impact on domestic student numbers resulting from COVID-19 which required a change in accounting treatment to recognise the full 2020 calendar year funding expense at 30 June 2020. It brought forward six months' of funding that would have fallen in 2020/21 but had no impact on the funding available in 2021 or the timing of cash payments to tertiary education organisations
- implementation of the previous government's Reform of Vocational Education from 2019/20, including:
  - establishing Te Pūkenga, bringing together 16 institutes of technology and polytechnics (initially as subsidiaries) to create a single national vocational education institution
  - creating industry-governed Workforce Development Councils to ensure vocational education meets the needs of industry and give a stronger voice to Māori business and iwi development
  - providing funding from 2021/22 to ensure the viability of vocational education and training (VET) and implement a Unified Funding System for VET from 1 January 2023

- funding from the COVID-19: Response and Recovery Fund for:
  - additional tertiary education enrolments from 1 January 2021 to 31 December 2023 resulting from the impact of COVID-19
  - Group Training Schemes (over 2019/20 and 2020/21) to retain apprentices during the COVID-19 economic recovery
  - a Student Hardship Fund in 2020 to provide temporary financial assistance for tertiary students facing hardship from the impacts of COVID-19. The Fund was extended to 2021 by the reprioritisation of underspends within the Vote in 2020/21 and new funding in Budget 2021
- continuing support from 2021/22 for wānanga to undertake research and educational delivery that protects and advances mātauranga Māori
- cessation of funding for Centres of Asia-Pacific Excellence from 2023/24
- funding for an increase to tertiary education subsidy rates at degree level and above in targeted areas of provision from 2024
- Tertiary Education Commission (TEC) and Education New Zealand (ENZ) efficiency savings from 2024/25 in Budget 2024
- funding for TEC from 2025/26 to implement and administer the final-year fees-free scheme that replaced first-year fees-free scheme from 1 January 2025
- cessation of funding for Centres of Vocational Excellence and Workplace Development Councils from 2025/26 in Budget 2024
- reprioritisation of funding from 2025/26 to support strategically important vocational education and training provision following the disestablishment of Te Pūkenga, and
- funding in Budget 2025 in 2025/26 to support the transfer of industry standards-setting functions from Workplace Development Councils to, and to support the establishment of, Industry Skills Boards. Additionally reprioritisation of funding in Budget 2025 from work-based learning delivery to industry standards-setting functions from 1 January 2026.

### *Benefits or Related Expenses*

Changes in benefits or related expenses are largely related to:

- a transfer to non-departmental output expense Access to and Success in Tertiary Education (in the Tertiary Tuition and Training MCA) to extend the Student Hardship Fund for tertiary students facing hardship from the impacts of COVID-19 for the 2021 calendar year only
- establishing academic and vocational scholarships for New Zealanders of Pacific heritage from 2022 to commemorate the Dawn Raids
- increase in the funding cap for medical school enrolments to support an additional 50 students per annum from 2024, a further 25 students from 2025, and a further 25 students from 2026, and
- ceasing the Prime Minister's Scholarships for Asia and Latin America from 1 July 2025 in Budget 2025.

### *Non-Departmental Other Expenses*

Significant changes in these appropriations mainly reflect:

- some fees-free funding was moved from 2020/21 to 2019/20 as part of giving tertiary education organisations greater certainty over funding in 2020, regardless of any impact on domestic student numbers resulting from COVID-19 (see also related comments under Non-Departmental Output Expenses above)
- provision of targeted fees-free support for vocational training and apprenticeships through the Training and Apprenticeship Fund (from 2020 to 2022)
- payments to Te Wānanga o Raukawa in 2020/21 and 2021/22 to support the resolution of Waitangi Tribunal Claim WAI 2698
- a transfer in 2021/22 to non-departmental output expense Access to and Success in Tertiary Education (category of Tertiary Tuition and Training MCA) to increase the Student Hardship Fund supporting domestic tertiary learners from the impacts of COVID-19
- derecognition of investment in Te Wānanga o Raukawa upon establishment as a non-Crown Entity Wānanga on 1 January 2024
- replacing first-year with final-year fees-free for tertiary education from the 2025 calendar year in Budget 2024 and the transfer of funding for final-year fees-free payments to Vote Revenue from 2025/26 onwards, as Inland Revenue will be administering the scheme.

### *Non-Departmental Capital Expenditure*

The major changes in non-departmental capital expenditure relate mainly to:

- assisting Lincoln University from 2020/21 to 2024/25 to rebuild facilities after the impact of earthquakes
- capital injections from 2019/20 to 2023/24 to establish and support Te Pūkenga as a single national vocational education institution
- investing the share of proceeds from the disposal of (former) Crown assets from 2020/21 to 2024/25 into the institutions that managed those assets, and
- capital injections to the TEC from 2020/21 to 2025/26 for development of Tiro Whetū (now Tahatū), an online careers planning system for learners and workers, and new information technology systems to support the implementation of the unified funding system for vocational education and the implementation of the final-year Fees Free scheme.

### *Crown Revenue*

The major changes in Crown Revenue relate mainly to:

- recoveries of surplus grants funding from the TEC and the tertiary education sector, and
- suspension of just over \$3 million per annum cost recoveries from the Export Education Levy Fund in 2021 and 2022 due to the impact of COVID-19 on the international education sector.

## Part 2 - Details of Departmental Appropriations

### 2.1 - Departmental Output Expenses

#### Stewardship and Oversight of the Tertiary Education System (M119) (A19)

##### *Scope of Appropriation*

This appropriation is limited to providing advice and services to support Ministers to discharge their portfolio responsibilities relating to tertiary and international education, as well as administrative and oversight activities including research and monitoring the tertiary education system.

##### *Expenses and Revenue*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	13,012	13,012	13,001
Revenue from the Crown	13,012	13,012	13,001
Revenue from Others	-	-	-

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve high-quality and timely advice to Ministers to support decision-making, managing the Government's investment in the tertiary education sector, and monitoring and oversight of the sector.

##### *How Performance will be Assessed and End of Year Reporting Requirements*

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
<b>Stewardship of the Tertiary Education System</b>			
The satisfaction rating given by the portfolio Minister/s with the overall performance of the Ministry (see Note 1)	7	7	7
<b>Policy Advice</b>			
Internal assessment of the quality of the Ministry's policy advice (see Note 2)			
• mean	72%	72%	72%
• distribution target of scores - less than 10% scoring 2.5 or under, at least 90% at scoring 3 or above, and at least 25% scoring 4 or above	Achieved	Achieved	Achieved
Satisfaction of the portfolio Minister/s with the policy advice service (see Note 3)	4	4	4

	2024/25		2025/26
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Research, Data Analysis and Monitoring</b>			
Forecast demand for tertiary education at Levels 3 and above is accurate within an agreed average of actual values (see Note 4)	Accurate within +/-3% of actual values	Accurate within +/-3% of actual values	Accurate within +/- 3% of actual values
The satisfaction rating given by the portfolio Minister/s on the quality of monitoring advice provided by the Ministry about Crown agencies (see Note 1)	7	7	7
The quality and range of the Ministry's analytical outputs is assessed through an independent expert review (see Note 5)	Quality is assessed as 'Good' or better	Good	Quality is assessed as 'Good' or better
The satisfaction rating given by the portfolio Minister/s for the quality and timeliness of support for international visits and engagements (see Notes 1 and 6)	7	7	7
Quality of Ministerial Services content measured by acceptance rates by the Office of the Minister/s	95%	95%	95%
Timely delivery of Ministerial Services to the Office of the Minister/s	95%	95%	95%
Legislative timeframes met for Official information Act requests	100%	95%	95%

Note 1 - The rating measures the Minister's satisfaction on a scale of 1 to 10, where 1 means unsatisfactory and 10 means extremely satisfied.

Note 2 - Based on a five-point scale: 1=Unacceptable; 2=Poor; 3=Acceptable; 4=Good; 5=Outstanding. All agencies are required to use the refreshed Policy Quality Framework to assess the quality of their policy papers.

Note 3 - The Ministerial Policy Satisfaction Survey assesses the Minister's satisfaction with the services provided by the policy function on a scale from 1 to 5, where 1 means unsatisfied and 5 means extremely satisfied.

Note 4 - This forecast is for equivalent full-time student (EFTS) places delivered in provider-based tertiary education and training at New Zealand Qualification Framework Level 3 and above.

Note 5 - This review is based on a sample of analytical and research outputs, independently assessed on a five-point rating scale: 1='Very poor'; 2='Poor'; 3='Acceptable'; 4='Good'; 5='Very good'. The annual result will be an average of ratings for all outputs reviewed.

Note 6 - This includes both onshore, offshore and virtual international engagements across the portfolios of the Minister for Vocational Education and Minister for Universities.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Ministry of Education in its annual report.

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
<b>Current Government</b>						
Departmental Savings - Ministry of Education (Tertiary)	2024/25	(1,182)	(1,193)	(1,193)	(1,193)	(1,193)
<b>Previous Government</b>						
Public Sector Pay Adjustment - Vote Tertiary Education Remuneration Cost Pressure	2023/24	751	751	751	751	751
Dawn Raids Apology - Education Scholarships for Pacific People	2021/22	35	35	35	35	35

## Part 3 - Details of Non-Departmental Appropriations

### 3.1 - Non-Departmental Output Expenses

#### Administration of and Support for the Tertiary Education and Careers Systems (M119) (A19)

##### *Scope of Appropriation*

This appropriation is limited to giving effect to the Tertiary Education Strategy by effectively investing in, monitoring, informing and influencing the tertiary education and careers systems, managing the Crown's ownership interest in tertiary education institutions, and providing advice and support to Ministers.

##### *Expenses*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	69,520	69,520	66,915

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve an effective and well-managed tertiary education and careers systems.

##### *How Performance will be Assessed and End of Year Reporting Requirements*

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of payments the Tertiary Education Commission (TEC) makes to tertiary education organisations that are made within agreed timeframes	At least 99.5%	At least 99.5%	At least 99.5%
Percentage of careers system stakeholders who agree that the TEC's online information and tools are useful (see Note 1)	At least 86%	At least 83%	At least 83%
The satisfaction rating given by the responsible Minister on the TEC's advice related to the careers system (see Note 2)	At least 7 out of 10	At least 6 out of 10	At least 7 out of 10
The overall satisfaction rating given by the responsible Minister on the TEC (see Note 2)	At least 7 out of 10	At least 6 out of 10	At least 7 out of 10

Note 1 -The 2025/2026 Budget Standard for this measure has been updated to reflect the 2024/2025 Estimated Actual.

Note 2 - The survey rating measures the responsible Minister's satisfaction with the quality of advice on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.

Disclosure: The monitoring advice measure has been retired as it is not as effective as a public measure of the TEC's performance, given that it relies on advice to which the public does not always have timely or full access to, when compared to the annual assessments measure below which can be more clearly evidenced. The monitoring advice measure has been retired from the Estimates but retained in the annual ministerial survey as it is useful information for TEC internally.

## Narrative performance assessment

### Measure:

Annual assessments are undertaken to understand the financial viability risk for tertiary education organisations which receive over \$50,000 in TEC funding, and Workforce Development Councils (WDCs).

### Measure:

Evidence that the Tertiary Education Commission's investment decisions give effect to Workforce Development Council advice.

## End of Year Performance Reporting

Performance information for this appropriation will be reported by the Tertiary Education Commission in its annual report.

## Service Providers

Provider	2024/25 Final Budgeted \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000	Expiry of Resourcing Commitment
<b>Crown Entities</b>				
Tertiary Education Commission	69,411	69,411	66,806	Ongoing
<b>Non-Government Organisations</b>				
Māori Education Trust	109	109	109	Ongoing
<b>Total</b>	<b>69,520</b>	<b>69,520</b>	<b>66,915</b>	

## Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
<b>Current Government</b>						
Supporting Strategically Important Vocational Education and Training: Funding Reprioritisation	2025/26	-	(3,475)	(4,050)	(4,050)	(4,050)
Apprenticeship Boost Scheme Continuation	2025/26	-	600	600	600	600
Final-year Fees Free - Finalising TEC Administration Costs and Clarifying Policy Parameters	2024/25	(9,189)	(1,982)	1,020	1,020	1,020
Fees-Free - Replacing First-Year with Final-Year Fees-Free	2024/25	9,189	3,537	-	-	-
Baseline Efficiency Savings - Tertiary Education Commission	2024/25	(3,720)	(3,720)	(3,720)	(3,720)	(3,720)
<b>Previous Government</b>						
Public Sector Pay Adjustment - Vote Tertiary Education Remuneration Cost Pressure	2023/24	2,875	2,875	2,875	2,875	2,875
Continuing Support for Apprenticeships	2023/24	300	-	-	-	-
Reform of Vocational Education - Transition and Integration Phase	2021/22	2,400	2,400	2,400	2,400	2,400



### *Reasons for Change in Appropriation*

The decrease in this appropriation for 2025/26 is mainly due to reprioritisation of funding from 2025/26 to support strategically important vocational education and training provision following the disestablishment of Te Pūkenga (\$3.475 million decrease).

The decrease is partially offset by provision for administration costs for the final-year Fees Free scheme (\$1.555 million increase).

### **Centres of Research Excellence (M119) (A19)**

#### *Scope of Appropriation*

This appropriation is limited to the purchase of cooperative and collaborative tertiary research in areas of research strength in the tertiary education sector through the contestable Centres of Research Excellence Fund.

#### *Expenses*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	49,800	49,800	49,800

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the delivery of high-quality research by purchasing cooperative and collaborative research in areas of research strength in the tertiary education sector, with a focus on Tertiary Education Strategy priorities.

#### *How Performance will be Assessed and End of Year Reporting Requirements*

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Total number of doctoral students aligned to the Centres of Research Excellence completing qualification during the current funding period (see Notes 1 and 2)	180 +/- 5%	110	110 +/- 5%

Note 1 - The 2024/25 Final Budgeted Standard and the 2024/25 Estimated Actual refer to the 2024 calendar year. The 2025/26 Budget Standard refers to the 2025 calendar year and has been updated to reflect the 2024 Estimated Actual.

Note 2 - The current funding round runs from 1 July 2021 to 31 December 2028.

#### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Tertiary Education Commission in its annual report.

*Service Providers*

Provider	2024/25 Final Budgeted \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000	Expiry of Resourcing Commitment
<b>Crown Entities</b>				
Tertiary Education Institution hosts of Centres of Research Excellence (varies between 7-11 during the period)	49,800	49,800	49,800	31 December 2028
<b>Total</b>	<b>49,800</b>	<b>49,800</b>	<b>49,800</b>	

**Industry Standards-Setting Functions (M119) (A19)***Scope of Appropriation*

This appropriation is limited to expenses incurred in setting up industry standards-setting organisations and performing their statutory functions.

*Expenses*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	25,000

*What is Intended to be Achieved with this Appropriation*

This appropriation is intended to support the establishment of industry standard-setting organisations and the performance of their legislated functions.

*How Performance will be Assessed and End of Year Reporting Requirements*

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
All Industry standards-setting organisations funded through this appropriation have approved and funded Operational Plans in place by 30 June each year (see Note 1)	New measure	New measure	Achieved

Note 1 - Approved Operational Plans will set out how each industry standards-setting organisation plans to undertake standards-setting and quality assurance, strategic workforce analysis and planning, and advice and representation functions.

*End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Tertiary Education Commission in its annual report.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Funding for Industry Standard-Setting Functions	2025/26	-	25,000	30,000	30,000	30,000

### *Reasons for Change in Appropriation*

This appropriation is to support the establishment of industry standard-setting organisations and the performance of their legislated functions from January 2026.

## **International Education Programmes (M26) (A19)**

### *Scope of Appropriation*

This appropriation is limited to delivery of services in respect of international education, including promotion, information, research and professional development, both in New Zealand and overseas, for the purpose of delivering an excellent student experience, achieving sustainable growth and developing global citizens.

### *Expenses*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	30,027	25,962	28,932

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve enhanced social, cultural and economic benefits to New Zealand through Education New Zealand's international education activities.

### *How Performance will be Assessed and End of Year Reporting Requirements*

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Education New Zealand's (ENZ) support is valued by the international education sector	Greater than or equal to 75%	Greater than or equal to 75%	Greater than or equal to 75%
Maintain brand preference in markets we operate in (see Note 1)	Achieved	Achieved	7%

Note 1 - The target has changed from Achieved to 7% to be consistent with ENZ's Statement of Performance Expectations and Statement of Intent. The target of 7% is based on ENZ's historical results achieved in its Brand Health survey and shows an increase from 4-5% to 7%.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by Education New Zealand in its annual report.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
<b>Current Government</b>						
Supporting Strategically Important Vocational Education and Training: Funding Reprioritisation	2025/26	-	(1,350)	(1,350)	(1,350)	(1,350)
Baseline Efficiency Savings - Education New Zealand	2024/25	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)

### *Reasons for Change in Appropriation*

The decrease in this appropriation for 2025/26 is due to reprioritisation of funding from 2025/26 to support strategically important vocational education and training provision following the disestablishment of Te Pūkenga (\$1.350 million).

### **Support for Wānanga (M119) (A19)**

#### *Scope of Appropriation*

This appropriation is limited to supporting wānanga in the tertiary education system to undertake teaching and research that maintains, advances and disseminates knowledge regarding āhuatanga Māori according to tikanga Māori.

#### *Expenses*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	24,000	24,000	24,000

#### *Components of the Appropriation*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Grants under Section 556 of the Education and Training Act 2020	24,000	24,000	24,000
<b>Total</b>	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to support wānanga as a system of delivery, including supporting its critical role in protecting and revitalising te reo Māori and mātauranga Māori.

### *How Performance will be Assessed and End of Year Reporting Requirements*

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Wānanga annual reports are reviewed and appropriate action is taken (see Notes 1 and 2)	Achieved	Achieved	Achieved

Note 1 - The 2024/25 Final Budgeted Standard and the 2024/25 Estimated Actual refer to the 2024 calendar year. The 2025/26 Budget Standard refers to the 2025 calendar year.

Note 2 - Annual reports are reviewed against milestones and key performance indicators set in Investment Plans. Reviews look at progress on delivery towards policy objectives and long-term outcomes.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Tertiary Education Commission in its annual report.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
<b>Previous Government</b>						
Medium-term Funds for Te Wānanga o Aotearoa and Te Whare Wānanga o Awanuiārangi	2021/22	8,000	8,000	8,000	8,000	8,000
Whakatupu Mātauranga Fund for Te Wānanga o Raukawa	2021/22	4,000	4,000	4,000	4,000	4,000
Continued Support to the Wānanga Sector	2021/22	6,000	6,000	6,000	6,000	6,000

## **Tertiary Education Research and Research-Based Teaching (M119) (A19)**

### *Scope of Appropriation*

This appropriation is limited to funding research and research-based teaching on the basis of measured research quality in tertiary education organisations.

### *Expenses*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	315,000	315,000	315,000

### Components of the Appropriation

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Performance-Based Research Fund			
• Quality Evaluation	173,250	173,250	173,250
• Research Degree Completions	78,750	78,750	78,750
• External Research Income	63,000	63,000	63,000
<b>Total</b>	<b>315,000</b>	<b>315,000</b>	<b>315,000</b>

### What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve an increase in, or maintain the quality of, research and research-based teaching and learning and to improve investment in research within the tertiary sector.

### How Performance will be Assessed and End of Year Reporting Requirements

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Postgraduate research degree completions (measured by Performance-Based Research Fund (PBRF)-eligible research degree completions) (see Note 1)	Previous year actual +/- 5%	Previous year actual +/- 5%	Previous year actual +/- 5%
Percentage increase in amount of external research income for PBRF-eligible providers (see Note 1)	3-5%	3-5%	3-5%

Note 1 - The 2024/25 Final Budgeted Standard and the 2024/25 Estimated Actual refer to the 2024 calendar year. The 2025/26 Budget Standard refers to the 2025 calendar year.

### End of Year Performance Reporting

Performance information for this appropriation will be reported by the Tertiary Education Commission in its annual report.

### Service Providers

Provider	2024/25 Final Budgeted \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000	Expiry of Resourcing Commitment
<b>Crown Entities</b>				
Universities (8)	304,238	302,902	303,993	Plans up to 3 years
Wānanga (3)	750	1,694	1,207	Plans up to 3 years
Institutes of Technology and Polytechnics (ITPs)	8,574	8,887	8,356	Plans up to 3 years
<b>Non-Government Organisations</b>				
Private Training Establishments	1,438	1,517	1,444	Plans up to 3 years
<b>Total</b>	<b>315,000</b>	<b>315,000</b>	<b>315,000</b>	

*Conditions on Use of Appropriation*

Reference	Conditions
Cabinet decision	<p>Funding in this appropriation is provided as part of the bulk grant to tertiary education organisations to recognise research performance. All degree-awarding tertiary education organisations are eligible for funding.</p> <p>The Performance-Based Research Fund is allocated on the basis of three measures:</p> <ul style="list-style-type: none"> <li>• Quality Evaluation - a periodic peer assessment of the research contribution of individual teaching and research staff (this will comprise 55% of funding in 2025 and 2026)</li> <li>• Research Degree Completions - a measure of the number of research-based post-graduate degree completions (this will comprise 25% of funding in 2025 and 2026)</li> <li>• External Research Income - a measure of income received for the purposes of conducting research (this will comprise 20% of funding in 2025 and 2026).</li> </ul>

**Tertiary Sector / Industry Collaboration Projects (M119) (A19)***Scope of Appropriation*

This appropriation is limited to funding activities that improve the relevance to industry of tertiary education provision.

*Expenses*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	17,399	17,399	8,937

*Components of the Appropriation*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Māori and Pasifika Trades Training	7,643	7,643	7,737
National Centre for Tertiary Teaching Excellence	3,556	3,556	-
Centres of Vocational Excellence	5,000	5,000	-
Adult and Community Education (ACE) Aotearoa	1,200	1,200	1,200
<b>Total</b>	<b>17,399</b>	<b>17,399</b>	<b>8,937</b>

*What is Intended to be Achieved with this Appropriation*

This appropriation is intended to support the development of knowledge and skills that are required by learners and employers, with a focus on Tertiary Education Strategy priorities.

### *How Performance will be Assessed and End of Year Reporting Requirements*

	2024/25		2025/26
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
Percentage of learners per calendar year progressing from Māori and Pacific Trades Training (MPTT) to New Zealand apprenticeships, other industry training at level 3 or above, or further study at New Zealand Qualifications and Credentials Framework level 4 and above (see Note 1)	39%	40.9%	At least 40.9%

Note 1 - The 2024/25 Final Budgeted Standard and the 2024/25 Estimated Actual refer to the 2024 calendar year. The 2025/26 Budget Standard refers to the 2025 calendar year.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Tertiary Education Commission in its annual report.

### *Service Providers*

Provider	2024/25 Final Budgeted \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000	Expiry of Resourcing Commitment
<b>Crown Entities</b>				
Universities (8)	3,556	3,556	-	30 June 2025
Wānanga (3)	274	275	299	Plans up to 3 years
Institutes of Technology and Polytechnics (ITPs)	7,288	10,564	5,835	Plans up to 3 years
<b>Non-Government Organisations</b>				
Private Training Establishments	6,281	3,004	2,803	Plans up to 3 years
<b>Total</b>	<b>17,399</b>	<b>17,399</b>	<b>8,937</b>	

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
<b>Current Government</b>						
Supporting Strategically Important Vocational Education and Training: Funding Reprioritisation	2025/26	-	(3,556)	(3,556)	(3,556)	(3,556)
Centres of Vocational Excellence - Reprioritisation of Funding	2025/26	-	(5,000)	(5,000)	(5,000)	(5,000)
Managing Tertiary Education and Training System Pressures: Increased Subsidies	2024/25	94	188	188	188	188



Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
<b>Previous Government</b>						
Disestablishment of Centres of Asia-Pacific Excellence	2024/25	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Cost Adjustment to Tertiary Tuition and Training Subsidies	2023/24	360	360	360	360	360
Return of Exemplary Initial Teacher Education Programme Funding	2023/24	(2,520)	(2,520)	(2,520)	(2,520)	(2,520)
Cost Adjustment to Tertiary Tuition and Training Subsidies	2022/23	194	194	194	194	194

### *Reasons for Change in Appropriation*

The decrease in the appropriation for 2025/26 is mainly due to:

- cessation of funding for Centres of Vocational Excellence from 2025 (\$5 million), and
- reprioritisation of funding for the National Centre for Tertiary Teaching Excellence to establish a fund from 2025/26 to support strategically important vocational education and training provision following the disestablishment of Te Pūkenga (\$3.556 million).

### *Conditions on Use of Appropriation*

Reference	Conditions
Section 419 of the Education and Training Act 2020	Funding is allocated by the Tertiary Education Commission in accordance with funding determinations issued by the Minister for Vocational Education

## **Workforce Development Councils (M119) (A19)**

### *Scope of Appropriation*

This appropriation is limited to expenses incurred on Workforce Development Councils setting up their organisations and performing their statutory functions.

### *Expenses*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	65,000	65,000	15,000

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to enable Workforce Development Councils to provide a clear industry and workplace voice into the vocational education and training system.

### *How Performance will be Assessed and End of Year Reporting Requirements*

	2024/25		2025/26
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
All Workforce Development Councils have approved and funded Operational Plans in place by 30 June each year (see Note 1)	Achieved	Achieved	Achieved

Note 1 - Approved Operational Plans will set out how each Workforce Development Council plans to undertake key functions, industry engagement and strategic planning.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Tertiary Education Commission in its annual report.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
<b>Current Government</b>						
Redesigned Vocational Education and Training System: Funding Settings	2025/26	-	15,000	-	-	-
Workforce Development Councils - Return of Funding	2025/26	-	(65,000)	(65,000)	(65,000)	-

### *Reasons for Change in Appropriation*

The decrease in this appropriation for 2025/26 is due to the fact that Workforce Development Councils are expected to be disestablished on 31 December 2025 (\$40 million).

## 3.2 - Non-Departmental Benefits or Related Expenses

### Tertiary Scholarships and Awards (M14) (A19)

#### *Scope of Appropriation*

This appropriation is limited to providing scholarships and other awards in the tertiary sector to students, researchers and teachers, within New Zealand and internationally.

#### *Expenses*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	21,428	21,079	16,942

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve access to wider educational opportunities for skilled New Zealanders to enhance their existing skills.

#### *How Performance will be Assessed and End of Year Reporting Requirements*

An exemption was granted as the appropriation is one from which resources will be provided to a person or entity other than a department, a functional chief executive, an Office of Parliament, or a Crown entity under section 15D(2)(b)(ii) of the Public Finance Act 1989, as additional performance information is unlikely to be informative because this appropriation is solely for payments of Tertiary Scholarships and Awards under the Education and Training Act 2020.

#### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
<b>Current Government</b>						
Training 25 More Doctors	2028/29	-	-	-	-	292
Ceasing funding for the Prime Minister's Scholarships	2025/26	-	(3,750)	(3,750)	(3,750)	(3,750)
<b>Previous Government</b>						
Increasing Medical School Enrolments for the 2024 Intake	2027/28	-	-	-	477	1,049
Dawn Raids Apology - Maintaining and Growing Tūlī Takes Flight and Pacific Education Foundation Scholarships	2022/23	320	334	334	334	334
Dawn Raids Apology - Establish Tūlī Takes Flight Education Scholarships for Pacific People	2021/22	490	490	490	490	490

*Reasons for Change in Appropriation*

The decrease in this appropriation for 2025/26 is mainly due to:

- decision in Budget 2025 to discontinue the Prime Minister's Scholarships for Asia and Latin America from 1 July 2025 (\$3.750 million decrease), and
- provision in 2024/25 only to meet increased demand for Medical Trainee Intern Grants payable to graduate-entry medical students (\$750,000 decrease).

## 3.5 - Non-Departmental Capital Expenditure

### Tertiary Education Commission - Final-year Fees Free (M119) (A19)

#### *Scope of Appropriation*

This appropriation is limited to development of systems to support the implementation of the final-year Fees Free scheme.

#### *Capital Expenditure*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	3,257	3,257	2,087

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to enable the Tertiary Education Commission's role in implementing systems and processes to support the delivery of the final-year Fees Free scheme.

#### *How Performance will be Assessed and End of Year Reporting Requirements*

An exemption was granted as the appropriation is one from which resources will be provided to a person or entity other than a department, a functional chief executive, an Office of Parliament, or a Crown entity under s15D(2)(b)(iii) of the PFA, as the amount of this appropriation for non-departmental capital expenditure is less than \$15 million.

#### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
<b>Current Government</b>						
Final-year Fees Free - Finalising TEC Administration Costs and Clarifying Policy Parameters	2024/25	3,257	2,087	-	-	-

#### *Reasons for Change in Appropriation*

The decrease in this appropriation reflects the timing of capital injections to the Tertiary Education Commission of \$5.344 million over two years (\$3.257 million in 2024/25 and \$2.087 million in 2025/26) to develop systems to support the implementation of the final-year Fees Free scheme.

# Part 4 - Details of Multi-Category Expenses and Capital Expenditure

## 4 - Multi-Category Expenses and Capital Expenditure

### Tertiary Tuition and Training (M119) (A19)

#### *Overarching Purpose Statement*

The single overarching purpose of this appropriation is to support and fund tertiary tuition and training that results in improvements in New Zealanders' skill levels.

#### *Scope of Appropriation*

##### **Non-Departmental Output Expenses**

##### *Access to and Success in Tertiary Education*

This category is limited to improving access to and success in tertiary education and training for learners underserved by the tertiary system, particularly those identified in the Tertiary Education Strategy.

##### *Foundation and Community Education*

This category is limited to funding for adult and community education, literacy, numeracy and English language provision, and other foundation education programmes.

##### *Qualification Delivery*

This category is limited to funding for teaching, training and learning services that support enrolled students at tertiary education organisations to achieve recognised tertiary qualifications and credentials.

#### *Expenses, Revenue and Capital Expenditure*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Total Appropriation</b>	<b>3,122,906</b>	<b>3,115,989</b>	<b>3,228,624</b>
<b>Non-Departmental Output Expenses</b>			
Access to and Success in Tertiary Education	99,352	106,817	97,398
Foundation and Community Education	312,043	316,872	321,996
Qualification Delivery	2,711,511	2,692,300	2,809,230

### *Components of the Appropriation*

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Access to and Success in Tertiary Education</b>			
Equity Funding for level 7 (degree) and above	16,916	15,805	16,921
Learner funding for levels 3-7 (non-degree) and industry training	69,612	70,823	66,490
Māori and Pasifika Trades Training Top Up	10,621	10,189	10,752
Tuwhitia Accelerating Learner Success Fund	2,203	10,000	3,235
<b>Foundation and Community Education</b>			
Adult and Community Education	30,713	29,538	31,461
Gateway	23,298	23,272	23,983
Literacy and Numeracy	41,694	39,699	42,680
English for Speakers of Other Languages	22,177	20,964	22,800
Emergency Management Pool	1,665	1,634	1,813
Foundation Education	192,496	201,765	199,259
<b>Qualification Delivery</b>			
Qualifications at level 3-7 (non-degree) and industry training	911,377	841,450	910,025
Qualifications at level 7 (degree) and above	1,795,714	1,846,100	1,879,345
Section 556 grants for School of Dance and School of Drama	2,620	3,035	2,620
Te Tahua o Te Reo Kairangi Fund	1,500	1,500	1,940
Domestic Tertiary Dispute Resolution Scheme	300	215	300
Support for the viability of strategically important vocational education provision	-	-	15,000
<b>Total</b>	<b>3,122,906</b>	<b>3,115,989</b>	<b>3,228,624</b>

### *What is Intended to be Achieved with this Appropriation*

The overarching intention of this appropriation is to contribute to improved lifetime outcomes of New Zealanders through the provision of skills from tertiary education, training, foundation learning programmes and community education, with a focus on Tertiary Education Strategy priorities.

### *How Performance will be Assessed for this Appropriation*

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Tertiary course completion rate (see Note 1):			
• Course completion rate for provider-based learners	At least 81.7%	83.8%	At least 83.8%
• Credit achievement rate for work-based learners	At least 72.6%	77.4%	At least 77.4%

Note 1 - The 2024/25 Final Budgeted Standard and the 2024/25 Estimated Actual refer to the 2024 calendar year. The 2025/26 Budget Standard refers to the 2025 calendar year and has been updated to reflect the 2024 Estimated Actual.

*What is Intended to be Achieved with each Category and How Performance will be Assessed*

	2024/25		2025/26
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Non-Departmental Output Expenses</b>			
<b>Access to and Success in Tertiary Education</b>			
This category is intended to improve equity in access and success in tertiary education and training.			
Percentage of Māori and Pacific learners enrolled in Levels 3-7 of the following modes of delivery (compared to percentage of non-Māori, non-Pacific learners enrolled) (see Notes 1 and 2):			
• Māori - work-based	New measure	19.9%	At least 19.9%
• Māori - provider-based	New measure	28.5%	At least 28.5%
• Pacific - work-based	New measure	9.6%	At least 9.6%
• Pacific - provider-based	New measure	11.1%	At least 11.1%
• Non-Māori non-Pacific - work-based	New measure	70.5%	At least 70.5%
• Non-Māori non-Pacific - provider-based	New measure	60.4%	At least 60.4%
Percentage of learners with low prior achievement enrolled in Levels 3-7 of the following modes of delivery (see Notes 1 and 3):			
• Work-based	New measure	44.1%	At least 44.1%
• Provider-based	New measure	36.9%	At least 36.9%
<b>Foundation and Community Education</b>			
This category is intended to achieve improvement in foundational skills for learners by funding education and training programmes.			
Number of learners participating in literacy and numeracy programmes (see Notes 1 and 4)	New measure	13,520	At least 13,520
Number of Adult and Community Education learner hours (see Note 1)	At least 1,056,032	1,066,895	At least 1,066,895
Youth Guarantee - Percentage of Youth Guarantee learners completing qualifications at Level 2 or 3 (see Note 1)	At least 63.7%	64.7%	At least 64.7%
<b>Qualification Delivery</b>			
This category is intended to achieve learners' attainment of recognised tertiary qualifications and credentials by funding education and training opportunities.			
Industry Training (see Note 1) - percentage completing programmes:			
• All learners	At least 59.7%	56.9%	At least 56.9%
• Industry trainees	At least 63.6%	61.6%	At least 61.6%
• Apprentices	At least 49.0%	43.9%	At least 43.9%
• Māori (relative to combined non-Māori and non-Pacific learners' results) (see Note 5)	No more than -9.2 percentage points	-6.9 percentage points	No more than -6.9 percentage points
• Pacific (relative to combined non-Māori and non-Pacific learners' results) (see Note 6)	No more than -7.1 percentage points	-4.0 percentage points	No more than -4.0 percentage points



	2024/25		2025/26
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
Qualification completion (cohort based) (see Note 1) - percentage of funded students completing qualifications:			
Level 4 to 7 non-degree:			
• All learners	At least 58.2%	55.3%	At least 55.3%
• Māori learners (relative to combined non-Māori and non-Pacific learners' results) (see Note 5)	No more than -2.7 percentage points	-2.4 percentage points	No more than -2.4 percentage points
• Pacific learners (relative to combined non-Māori and non-Pacific learners' results) (see Note 6)	No more than -2.4 percentage points	-7.2 percentage points	No more than -7.2 percentage points
Qualification completion (cohort based) (see Note 1) - percentage of funded students completing qualifications:			
Level 7 degree and above:			
• All learners	At least 62.1%	63.1%	At least 63.1%
• Māori learners (relative to combined non-Māori and non-Pacific learners' results) (see Note 5)	No more than -14.5 percentage points	-14.1 percentage points	No more than -14.1 percentage points
• Pacific learners (relative to combined non-Māori and non-Pacific learners' results) (see Note 6)	No more than -18.4 percentage points	-17.9 percentage points	No more than -17.9 percentage points

Note 1 - The 2024/25 Final Budgeted Standard and the 2024/25 Estimated Actual refer to the 2024 calendar year. The 2025/26 Budget Standard refers to the 2025 calendar year and has been updated to reflect 2024 Estimated Actual.

Note 2 - This new measure intends to track the proportional movement in Māori and Pacific learner enrolments (compared to non-Māori, non-Pacific learners) as an indicator of access to Vocational Education and Training.

Note 3 - This new measure intends to track the proportional movement in learner enrolments with low prior achievement as an indicator of access to Vocational Education and Training.

Note 4 - This high-level new measure reflects the overall number of learners receiving any form of literacy or numeracy training. It will track the overall number of learners participating in the following three literacy and numeracy programmes. Intensive Literacy and Numeracy; Workplace Literacy and Numeracy - Tertiary Education Organisation Led; and English for Speakers of other Languages.

Note 5 - This is a measure of the percentage point gap between the percentage of Māori learners completing qualifications (or industry training programmes) and the percentage of combined non-Māori and non-Pacific learners completing qualifications (or industry training programmes) - the desired trend is for the percentage point gap to decrease.

Note 6 - This is a measure of the percentage point gap between the percentage of Pacific learners completing qualifications (or industry training programmes) and the percentage of combined non-Māori and non-Pacific learners completing qualifications (or industry training programmes) - the desired trend is for the percentage point gap to decrease.

Disclosure:

The three literacy and numeracy measures relating to hours of learning accessed in each individual literacy and numeracy programme have been retired and replaced with the more relevant overall literacy and numeracy measure relating to learner participation.

The measure on the proportion of Māori and Pacific full-time equivalent learners at levels 3-7 (non-degree) enrolled in the work-based modes of delivery has been retired as it related to the previous government's unified funding system and only related to a small subset of learners. It has been replaced by the above new measure tracking the percentage of Māori and Pacific learners enrolled in work- and provider-based modes of delivery (compared to percentage of non-Māori, non-Pacific learners enrolled).

### *Service Providers for the Multi-Category Appropriation*

Provider	2024/25 Final Budgeted \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000	Expiry of Resourcing Commitment
<b>Crown Entities</b>				
Universities (8)	1,647,735	1,626,572	1,709,687	2025
Wānanga (3)	199,881	178,918	221,548	2025
Institutes of Technology and Polytechnics (ITPs)	789,558	787,331	739,194	2025
Schools	25,871	27,978	27,996	2025
Government Training Establishment	3,015	3,023	3,245	2025
<b>Non-Government Organisations</b>				
Private Training Establishments	439,183	475,117	509,893	2025
Rural Education Activities Programmes (13)	4,244	4,085	4,207	2025
Employers	8,717	8,361	8,088	2025
Community Education Providers	4,402	4,389	4,466	2025
Domestic Tertiary Dispute Resolution Service	300	215	300	2025
<b>Total</b>	<b>3,122,906</b>	<b>3,115,989</b>	<b>3,228,624</b>	

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Tertiary Education Commission in its annual report.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
<b>Current Government</b>						
Funding for Industry Standard-Setting Functions	2025/26	-	(15,000)	(30,000)	(30,000)	(30,000)
Funding an Increase to Targeted Higher Education Tuition Subsidies	2025/26	-	9,193	18,386	18,386	18,386
Delivering Quality and Timely Primary Care: Next Steps and Implementation	2025/26	-	434	1,297	2,151	3,191
Increased Funding for Tertiary Education and Training Enrolments	2025/26	-	60,533	45,159	2,855	2,855
Tertiary Education Tuition and Training Subsidy Increase - Targeted Cost Adjustments	2025/26	-	30,362	60,723	60,723	60,723
Supporting Strategically Important Vocational Education and Training: Funding Reprioritisation	2024/25	(7,797)	12,175	12,840	9,075	8,956

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Vocational Education and Training Reforms: Consultation Options	2024/25	40,912	81,826	81,826	81,826	81,826
Adult and Community Education in Schools Co-ordination - Reprioritisation of Funding	2024/25	(250)	(500)	(500)	(500)	(500)
Training 25 More Doctors	2024/25	439	1,281	2,099	3,112	4,303
Managing Tertiary Education and Training System Pressures: Increased Subsidies	2024/25	39,079	74,306	72,619	72,674	72,674
Gateway Fund - Reprioritisation of Funding	2023/24	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Adult Literacy Educator Grant - Reprioritisation of Funding	2023/24	(445)	(445)	(445)	(445)	(445)
<b>Previous Government</b>						
Training Incentive Allowance - Supporting Eligible People to Study	2024/25	3,573	7,146	7,146	7,146	7,146
Time-Limited Tuition Subsidy Increase for Degree and above	2023/24	64,000	32,000	-	-	-
Increasing Medical School Enrolments for the 2024 Intake	2023/24	2,067	3,515	5,336	7,547	7,547
Cost Adjustment to Tertiary Tuition and Training Subsidies	2023/24	141,756	144,782	147,808	147,808	147,808
Increased Funding for Tertiary Education and Training Enrolments	2023/24	90,348	40,347	-	-	-
Reinstating the Training Incentive Allowance for levels 4 to 7 on the New Zealand Qualifications Framework	2023/24	4,861	-	-	-	-
Cost Adjustment to Tertiary Tuition and Training Subsidies	2022/23	73,505	73,376	73,376	73,376	73,376
Improving the System for Refugee Family Reunification: Policy Proposals	2022/23	2,272	2,272	2,272	2,272	2,272
Ensuring the Viability of Vocational Education and Training	2021/22	23,545	23,545	23,545	23,545	23,545
Cost Adjustment to Tertiary Tuition and Training Subsidies	2021/22	31,256	31,256	31,256	31,256	31,256
Reform of Vocational Education - Management of Fiscal Implications	2021/22	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)

### *Reasons for Change in Appropriation*

The increase in this appropriation for 2025/26 is mainly due to:

- increases in tuition and training subsidy rates to support tertiary providers to manage increases in delivery costs comprising:
  - 2.5% from January 2025 (Budget 2024) (\$35.227 million increase)
  - targeted 3% increases from January 2026 (Budget 2025) for priority delivery at degree level and above and foundation levels, and \$17 million for increases to subsidies for priority delivery at Levels 3 to 7 (non-degree), to support providers to sustain the quality of provision in targeted fields and further invest in priority areas (\$30.362 million increase)
  - 5% from January 2024 (Budget 2023) along with a phased increase to 15% for level 3 and above delivery of mātauranga Māori provision (including te reo Māori) (\$3.026 million increase)
- increased funding in Budget 2025 to fund the forecast increase in demand for tertiary education and training enrolments in 2025 and 2026 and fund approximately 175 additional Youth Guarantee EFTS per year from 2025 (\$60.533 million increase)
- discontinuation of the Strategic Component of the Unified Funding System for Vocational Education and Training (VET) from 1 January 2025 and the transfer of the funding appropriated for it under non-departmental output expense Strategic Support for National and Regional Priorities to increase per-learner delivery component subsidy rates for provider-based and extramural (including online) VET delivery (\$40.914 million increase)
- funding reprioritisation to establish a fund from 2025/26 to support strategically important vocational education and training provision following the disestablishment of Te Pūkenga (\$19.972 million increase), and
- provision for the Training Incentive Allowance to support sole parents and disabled people and their carers to study towards levels 4 to 7 on the New Zealand Qualifications Framework (\$3.573 million increase).

The increase is partially offset by:

- provision in Budget 2023 for tertiary education and training enrolments to be close to the level of demand expected between 2023 and 2025 calendar years (\$50.001 million decrease)
- funding for an increase to tertiary education subsidy rates at degree level and above in targeted areas of provision, reducing from \$64 million in 2024/25 to \$41.193 million in 2025/26 (\$22.807 million decrease), and
- reprioritisation in Budget 2025 of \$30 million per annum from work-based learning delivery to provide funding for industry standards-setting functions from 1 January 2026 (\$15 million decrease).