

# Hon Penny Simmonds

Minister for the Environment  
Minister for Tertiary Education and Skills  
Associate Minister for Social Development and Employment



Dr Wayne Ngata  
Acting Chair  
Tertiary Education Commission  
PO Box 27-048  
Wellington 6141

Dear Wayne,

## **Determination of Design of Funding Mechanism: Māori and Pasifika Trades Training**

I am writing to advise you of a determination of the design of a funding mechanism, under section 419 of the Education and Training Act 2020 (the Act), for Māori and Pasifika Trades Training.

The new determination is set out in the appendix to this letter. The determination covers the funding of Māori and Pasifika Trades Training provision delivered from 1 January 2025. The new determination includes a 2.5 percent increase to all funding rates specified in the determination.

Under section 422 of the Act, it is the responsibility of the Tertiary Education Commission (TEC) to develop the details needed to implement my determinations of the design of funding mechanisms.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Penny Simmonds'.

**Hon Penny Simmonds**  
Minister for Tertiary Education and Skills

# DETERMINATION OF DESIGN OF FUNDING MECHANISM: MĀORI AND PASIFIKA TRADES TRAINING

## PRELIMINARY PROVISIONS

### Statutory Authority

1. This determination is made under section 419 of the Education and Training Act 2020 (the Act) and specifies the design of the funding mechanism for Māori and Pasifika Trades Training (MPTT).

### Purpose

2. The purpose of this funding mechanism is to support Māori and Pacific learners aged 16 to 40 years of age (inclusive) to enter and achieve in pre-trades training and progress to relevant trades-related employment, or to work-based vocational training on the New Zealand Qualifications and Credentials Framework (NZQCF), including New Zealand Apprenticeships. Progression to further provider-based vocational training on the NZQCF that has strong employment outcomes is also a positive outcome.
3. Funding paid under this funding mechanism is for:
  - a. fees top-ups to make provider-based delivery of pre-trades training programmes funded through the *Delivery at Levels 1 and 2 on the NZQCF* and *Delivery at Levels 3 to 7 (non-degree) on the NZQCF* and all industry training funding mechanisms fees-free to MPTT learners;
  - b. brokerage services to:
    - i. match learner talents and aspirations with employer skill requirements and career pathways;
    - ii. tailor pre-employment trades educational provision to the needs and aspirations of MPTT learners, communities, and potential employers;
    - iii. facilitate relationships between MPTT learners, providers, and potential employers; and
    - iv. transition learners into relevant employment; and
  - c. consortium activities to increase access to vocational training for MPTT learners and to improve pre-employment trades training (including robust work preparation and learner support) to align this training more closely to the needs of employers and of Māori and Pacific communities.
4. The Government contribution towards the costs of teaching and learning services is funded through the *Delivery at Levels 1 and 2 on the NZQCF* (DQ1-2) and/or *Delivery at Levels 3 to 7 (non-degree) on the NZQCF* and all industry training (DQ3-7) funding mechanisms (together referred to as DQ funding for the purposes of this funding mechanism). An organisation delivering trades training under the MPTT initiative must meet the teaching and learning costs through the DQ funding allocations agreed as part of its Investment Plan. If an organisation does not receive DQ funding, it must be part of a consortium approved by the Tertiary Education Commission (TEC).

### ***Off-plan funding***

5. The TEC must pay MPTT funding under section 428 of the Act.

## **PART ONE: THE FUNDING MECHANISM**

### **General parameters**

#### ***Effective period dates***

6. This funding mechanism covers funded activities delivered from 1 January 2025.
7. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before this date.

### **Consortium**

8. For the purposes of funding under this funding mechanism, an eligible consortium should consist of at least one tertiary education organisation (TEO) funded for work-based learning<sup>1</sup>, one TEO funded for provider-based learning<sup>2</sup> (these may be the same TEO), employer representation, and a Māori and/or Pacific entity.
9. A consortium should undertake governance, project management, co-ordination, and evaluation services. A consortium should also provide for:
  - a. employability skills training, and fees for obtaining licences, such as driver licences, that complement the DQ-funded programmes that learners are likely to need to gain entry-level employment in their chosen trade; and
  - b. additional learner support (activities, equipment, or other support), which contributes to learners' success.
10. Consortia should draw on their knowledge of community and employer needs, including those identified by Workforce Development Councils (WDCs), and the needs of learners entering New Zealand Apprenticeships to contribute to the choice, design and delivery of programmes, learner support, and pre-screening of applicants for places in MPTT.
11. The TEC must agree, with each consortium, an aspirational target level of female participation in MPTT that:
  - a. reflects the opportunity for the consortium to increase female participation in trades that offer relevant employment and in which females have traditionally been under-represented; and
  - b. represents a significant but achievable increase of previous female learner participation in the MPTT consortium, and in similar consortia.
12. The TEC must agree, with each consortium, aspirational targets for the participation of learners who may be less likely to participate or achieve in vocational training without

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<sup>1</sup> Work-based learning is defined as provision in the work-based mode of delivery, as defined in the funding determination for DQ3-7.

<sup>2</sup> Provider-based learning is defined as provision in the provider-based mode of delivery, as defined in the funding determination for DQ3-7.

MPTT, such as those with low prior achievement and recent beneficiaries. The targets should reflect local and regional needs and aspirations, including those identified by WDCs.

### ***Available funding***

13. The amount of government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

### ***Funding for fees top-ups***

14. The TEC must calculate funding for fees top-ups for enrolments in eligible programmes and micro-credentials in equivalent full-time students (EFTS). One (1.0) EFTS unit is defined as 120 credits of full-time study over a single academic or calendar year.
15. The TEC must allocate funding for fees top-ups at a rate of \$5,667 per EFTS for programmes and micro-credentials at Level 3 or Level 4 on the NZQCF, and \$0 for programmes and micro-credentials at Level 1 or Level 2 on the NZQCF.

### ***Funding for Brokerage***

16. The TEC must allocate brokerage funding at a rate of \$1,306 per individual learner up to the total number of learners agreed by the TEC. Brokerage funding is only allocated once in respect of the same individual learner.
17. The TEC must reserve 50% of brokerage funding for the payment of a performance incentive that is payable on the basis of sufficient evidence of individual learners achieving a successful outcome, in accordance with paragraph 18, from a programme supported by MPTT within 18 months of the learner ceasing to be enrolled in the programme.
18. The outcomes that result in the payment of the performance incentive are:
  - a. entry to a New Zealand Apprenticeship; or
  - b. entry to work-based vocational training at Level 3 or higher on the NZQCF

### ***Funding for consortium activities***

19. The TEC must allocate funding for consortium activities such as:
  - a. governance and project management;
  - b. coordinating the contributions of consortium members and other services to the development of learner capabilities;
  - c. employability skills training and licencing (e.g. driver licencing) that complements the DQ-funded programmes; and
  - d. learner support (activities, equipment, or other support that contributes to learners' success) in addition to pastoral support ordinarily offered by the tertiary provider.
20. For the purposes of this funding mechanism, the total amount of funding available for consortium activities is determined by Cabinet or Joint Ministers.

21. The amount allocated to each consortium should reflect learner numbers, the past performance of the consortium, the stage of development of the consortium, and the potential for economies of scale (including economies achieved by consortia working together), and it may reflect the learner group being targeted by the consortium.

***Organisation eligibility for fees top-ups or brokerage***

22. The TEC may only allocate MPTT funding for fees top-ups or brokerage to either:
- a. a TEO that:
    - i. is part of a consortium approved by the TEC; and
    - ii. is one of the following:
      - a. a wānanga;
      - b. Te Pūkenga – New Zealand Institute of Skills and Technology (including, as the case requires, its subsidiaries that provide education or training or both) (Te Pūkenga);
      - c. a university; or,
      - d. a private training establishment that is registered by NZQA (registered PTE); and
    - iii. has been allocated DQ funding from the TEC; or
  - b. a consortium, or a member of a consortium, that:
    - i. is approved by the TEC;
    - ii. is a legal entity;
    - iii. includes or is a TEO identified under section 10(1) of the Act; and
    - iv. in the case of fees top-ups funding, has a contract for DQ-funded provision with at least one TEO that meets the criteria of sub-paragraph (a).
23. For the purposes of this funding mechanism, all eligible recipients of funding are referred to as “organisations”.
24. As the consortium arrangement is intended to provide flexibility in allocating MPTT funding, the TEC may:
- a. fund an organisation for both fees top-ups and brokerage on a consortium’s behalf;
  - b. fund multiple organisations within a consortium for both fees top-ups and brokerage;
  - c. fund multiple organisations within a consortium for either fees top-ups or brokerage; or
  - d. subject to paragraph 36, fund a consortium for both fees top-ups and brokerage, allowing the consortium to subcontract with its own members, or other TEOs, for DQ-funded provision and brokerage.

### ***Organisation eligibility for consortium activities funding***

25. The TEC may only allocate MPTT funding for consortium activities to an organisation that is the lead member of a consortium, provided that the lead member is:
- a. approved as a lead member by the TEC;
  - b. a legal entity; and
  - c. either:
    - i. a TEO that is eligible for MPTT funding for fees top-ups or brokerage; or
    - ii. an individual or body that provides tertiary education-related services and is identified in accordance with section 10(1) of the Act as a TEO for the purposes of the Act.

### ***Eligibility of learners***

26. The TEC must ensure that an organisation only receives MPTT funding for fees top-ups and/or brokerage for eligible learners.
27. To be eligible, a learner must be:
- a. one of the following:
    - i. a domestic student, as defined in section 10(1) of the Act; or
    - ii. an Australian citizen or Australian permanent resident currently residing in New Zealand; and
  - b. Māori<sup>3</sup> or Pacific<sup>4,5</sup>; and
  - c. aged 16 to 40 years of age (inclusive) at the start date of the first course in the programme; and
  - d. enrolled in an eligible programme or micro-credential leading to an award on the NZQCF (set out in paragraph 29).

### ***Eligible programmes and micro-credentials***

28. The TEC must ensure that an organisation only receives MPTT funding for fees top-ups for eligible learners enrolled in an eligible programme or micro-credential.

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<sup>3</sup> For administrative purposes this refers to those with evidence of Māori ancestry, whakapapa, or persons that make an oath, affirmation or declaration that they are Māori made before a person recognised and authorised to administer such oaths, attestations, or declarations (e.g. a Kaumātua affiliated to a recognised Māori hapū, iwi, or legal entity, a Justice of the Peace, or other persons empowered to administer oaths and declarations under the Oaths and Declarations Act 1957).

<sup>4</sup> For administrative purposes this includes those who have evidence of ancestry from the independent and sovereign nations of the South Pacific and meet the conditions of paragraph 27(a-d) and for whom priority must be given. This includes The Republic of Fiji, The Kingdom of Tonga, the Independent State of Samoa, the Cook Islands, Solomon Islands, Vanuatu, Tuvalu, Nauru, Niue and Kiribati. It also includes the atolls of Tokelau for which New Zealand is administratively and constitutionally responsible.

<sup>5</sup> Additionally, on the basis of a request by a consortia, TEC may grant admission to learners descended from persons from French Polynesia, Wallis and Futuna Islands, New Caledonia, Papua New Guinea and American Samoa provided they also meet the conditions of paragraph 27(a-d) and there is spare capacity, but only after prior consideration of admission by Māori and Pacific learners as identified in notes 4 and 5.

29. For the purposes of this funding mechanism, an eligible programme or micro-credential is DQ-funded training that is:
- a. either:
    - i. a programme leading to the award of a qualification at Levels 1 to 4 on the NZQCF; or
    - ii. a micro-credential of between 20 and 40 credits at Levels 1 to 4 that is listed on the NZQCF; and
  - b. forms a pathway to entry to:
    - i. a New Zealand Apprenticeship; or
    - ii. vocational training at Level 3 or higher on the NZQCF, in a programme identified by the TEC as being likely to lead to relevant employment.
30. The TEC must ensure that an organisation does not use MPTT fees top-ups funding to fund:
- a. a New Zealand Apprenticeship or any other types of work-based training; or
  - b. a programme or micro-credential if the TEC considers on reasonable grounds that a majority of the programme or micro-credential relates to health and safety or regulatory compliance learning that would displace the responsibility of employers to provide training necessary to mitigate health and safety risks and/or meet their regulatory obligations.

### ***Eligibility for brokerage***

31. The TEC must ensure that an organisation only receives MPTT funding for brokerage for eligible learners for whom the organisation provides, or subcontracts, brokerage services in relation to the learner, as indicated by the purposes of brokerage set out in this funding mechanism (see paragraph 3).

## **PART TWO: FUNDING CONDITIONS**

### **General Conditions**

32. The TEC, in funding an eligible organisation under this funding mechanism, may impose any conditions on funding that it considers necessary, including, without limitation, conditions for ensuring that funding will achieve the purpose for which it has been allocated.

### **Conditions that the TEC must or may attach to funding**

33. The TEC must, or in the case of paragraph 44 may, impose the following specific conditions on funding provided to eligible organisations under this funding mechanism.

### ***Eligible organisations***

34. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups, brokerage and/or consortium activities under this funding

mechanism must meet and continue to meet all the relevant eligibility criteria for organisations under this funding mechanism.

35. The TEC must attach to funding a condition that an organisation that receives funding under this funding mechanism remains as part of the same approved consortium for the length of the funding period, except as agreed by the TEC for the purpose of continuing to support enrolled learners.

### ***Subcontracting***

36. The TEC must attach to funding a condition that an organisation that receives funding under this funding mechanism must:
  - a. not subcontract any of the funded activities without the prior written approval of the TEC and without the prior written approval of NZQA, where the TEO is quality assured by NZQA;
  - b. comply with any conditions imposed by the TEC on an approval to subcontract;
  - c. ensure that a subcontracted party does not further subcontract any functions; and
  - d. remain accountable for the use of the funding.

### ***Eligible learners***

37. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups and/or brokerage under this funding mechanism must ensure that each learner meets and continues to meet the criteria of paragraph 27 of this funding mechanism.

### ***Eligible programmes and micro-credentials***

38. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups under this funding mechanism must ensure that a programme or micro-credential in which an eligible learner is enrolled meets and continues to meet the criteria of paragraph 29 of this funding mechanism.
39. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups under this funding mechanism must:
  - a. ensure that the funding is not used to fund:
    - i. a New Zealand Apprenticeship or other types of work-based training; or
    - ii. a programme or micro-credential if the TEC considers on reasonable grounds that a majority of the programme or micro-credential relates to health and safety or regulatory compliance learning that would displace the responsibility of employers to provide training necessary to mitigate health and safety risks and/or meet their regulatory obligations;
  - b. comply with the funding conditions for the relevant DQ-funded programme or micro-credential; and
  - c. in the case of learners for whom the organisation receives MPTT funding for fees top-ups for DQ-funded programmes at Level 3 or Level 4 on the NZQCF, have in place an effective assessment process for determining the literacy and numeracy



needs of eligible learners and provide support to ensure that those learners progress in line with the guidelines provided by TEC.

#### ***Eligibility for Brokerage***

40. The TEC must attach to funding a condition that an organisation that receives MPTT funding for brokerage under this funding mechanism must provide, or subcontract (subject to paragraph 36), brokerage services in relation to eligible learners, as indicated by the purposes of brokerage set out in this funding mechanism (see paragraph 3).

#### ***Fees and associated course costs***

41. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups under this funding mechanism must not charge a fee to a learner enrolled in an eligible programme or micro-credential that is funded under this funding mechanism.
42. The TEC must attach to funding a condition that an organisation that receives MPTT funding for brokerage under this funding mechanism must not charge a fee to a learner for brokerage services.

#### ***Eligible organisation's responsibilities***

43. The TEC must attach to funding, a condition that an organisation that receives MPTT funding under this funding mechanism must meet minimum performance standards specified by the TEC.

#### ***Consortium lead member's responsibilities***

44. The TEC may attach to funding a condition that the lead member of a consortium that receives funding for consortium activities must enter an arrangement, or arrangements, with each other member of the consortium that:
  - a. enables the lead member to meet conditions of funding imposed by the TEC on the lead member;
  - b. imposes on each member of the consortium obligations owed to the lead member that are similar to the lead member's obligations in respect of any funding received under this funding mechanism; and
  - c. imposes on each other member of the consortium obligations to provide information to, and fully cooperate with, the lead member and the TEC in order to verify the lead member's compliance with conditions of funding imposed by the TEC on the lead member.
45. The TEC must attach to funding a condition that the lead member must not (without the prior written consent of the TEC) enter or end any arrangement with another organisation, or other member of the consortium, that would have the effect of changing the membership of that lead member's consortium.

#### ***Funding from other sources***

46. The TEC must attach to funding a condition that an organisation that receives funding under this mechanism must:

- a. not (without the TEC's prior written consent) seek or obtain any funding from any Crown source other than the TEC for activities funded under this funding mechanism; and
  - b. notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of sub-paragraph (a) of this condition.
47. The TEC must attach to funding a condition that an organisation that receives MPTT funding for fees top-ups or funding for brokerage for an eligible learner under this funding mechanism must not seek or claim fees payments or other fees top-up funding from any other Crown source for the same learner, without the prior approval of TEC in writing.

***Responsible use of funding***

48. The TEC must attach to funding a condition that an organisation that receives funding under this funding mechanism must use the funding:
- a. lawfully, responsibly, and for the purposes for which the funding is provided; and
  - b. in a manner consistent with the appropriate use of public funds.

***Recovery of funding***

49. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:
- a. is repayable on demand; and
  - b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.
50. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

***TEC administrative responsibilities***

51. The TEC must attach to funding a condition that, if the organisation receives funding under this funding mechanism that is less than it should have been, or that it was entitled to receive, the TEC must treat the amount of the under-funding as a credit and pay the amount as soon as is reasonably practicable.