

TEC



***An Introduction
to the Unified
Funding System
for Vocational
Education and
Training***

May 2022

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Minister's Foreword

In July 2019, the Government agreed to the Reform of Vocational Education (RoVE) – a fundamental overhaul of the structure of New Zealand's Vocational Education and Training (VET) system. This reform included the creation of Te Pūkenga – New Zealand Institute of Skills and Technology (established on 1 April 2020), six industry governed WDCs (established 11 June 2021), and 15 RSLGs (formed in June 2020). These structural changes work to build a strong, unified, sustainable VET system.

The unified funding system is the final major component of the reform to be implemented. It will apply to all provider-based and work-integrated education at certificate and diploma qualification levels 3 to 7 (excluding degree study) and all industry training. These structural changes work to build a strong, unified and sustainable VET system, which is easier for learners and employers to navigate and produces the skills employers want and rewarding career pathways. This is a critical shift to address the major skills shortages that have built up in our economy.

VET is currently split into two largely separate funding systems, governed by different funding policies:

- › funding for work-based learning (currently in transitional industry training organisations (ITOs) but transitioning to providers, around \$185 million per annum); and
- › funding for provider-based learning (around \$520 million per annum).

This existing funding model is not fit for purpose because it creates barriers between provider-based and work-based training. This means that work-based learners do not always get appropriate support and training does not align with the needs of industry. The system underserves all learners and does not support strategic priorities.

By contrast, the new unified funding system set out in this document has been designed specifically for the reformed VET system and will incentivise providers of VET to:

- › support learners to transition to work-based training,
- › enhance support for employers,
- › increase and improve success and support for all learners,
- › respond to national and regional skills priorities, and
- › ensure a strong and sustainable regional network of provision.

The three components of the unified funding system – a delivery component, a learner component, and a strategic component – work together to create these incentives.

These proposals represent significant change from the status quo. As part of Budget 2021, we have invested \$279.5 million to support the implementation of the unified funding system over the next four years. This provides for around \$850 million per year for VET provision on an ongoing basis from 2023. With the help of this additional investment, the new funding system will support the reformed VET system to deliver the skills that learners, employers and communities need to thrive.



Chris Hipkins
Minister of Education

Introduction

The Reform of Vocational Education (RoVE) will create a strong, unified, sustainable vocational education system that is fit for the future of work and delivers the skills that learners, employers and communities need to thrive.

The future state of vocational education is a system that is ready for a fast-changing future of skills, learning and work. This unified system will:

- › Deliver to the unique needs of all learners, including those who have been traditionally under-served
- › Be relevant to the changing needs of employers
- › Be collaborative, innovative and sustainable for all regions of New Zealand
- › Uphold and enhance Māori Crown relationships.

To support the largest transformational change to the VET in 30 years a new Unified Funding System (UFS) is being rolled out from 1 January 2023.

Overview of the UFS

The intent of our funding system is to put the needs of learners at the centre to ensure they can access training that is right for them, at the right time and in the right place. Funding is designed to encourage providers to make work-based training options available for more learners and employers. It provides funding for improved support for learners and employers and their businesses. It also aims to address national and regional skills priorities to better support our economy and communities.

The increased funding to support learners comes with higher expectations of tertiary education organisations (TEOs) to support greater success for learners, employers and their communities.

Decisions on priorities for funding will now be informed by the needs of industry and the communities across New Zealand through the new Workforce Development Councils (WDCs) and Regional Skills Leadership Groups (RSLGs).

The UFS will deliver funding in a completely new way to the VET sector through three components:

- › the delivery component (approximately 85 per cent of funding);
- › the learner component (approximately 7 per cent); and
- › the strategic component (approximately 8 per cent).

The **delivery component**, the largest component of the system, will fund providers based on learner volume. Funding rates will be calculated based on the subject and the way learning is delivered, that is, *the mode of delivery*. Differentiating funding by mode of delivery will be a new feature of the system and allows us to rebalance investment between provider- and work-based training. Modes of delivery will also incentivise providers to grow work-integrated learning pathways, incorporating both provider-based and work-based study.

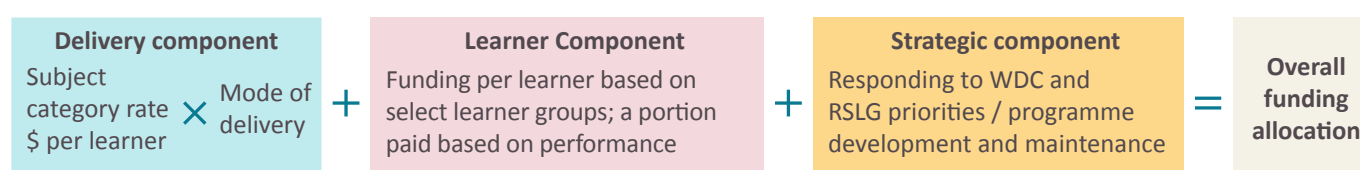
The **learner component** will incentivise providers to support the unique needs of all their learners. It will be calculated based on enrolments of learners in groups who are most at risk of not completing VET qualifications and face disadvantages in the VET system. A portion of learner component funding will also reward providers that demonstrate improvement in their learners' success.

This component substantially increases funding targeted towards supporting learners and is key to realising the Government’s RoVE objective of meeting the needs of learners who have traditionally been underserved by the education system.

The **strategic component** will provide necessary funding unlinked to learner enrolments to progress strategic priorities. 50 percent of the component will respond to regional and national skills priorities identified by Workforce Development Councils (WDCs) and Regional Skills Leadership Groups (RSLGs). It will also support Te Pūkenga to meet its charter obligations, including building a sustainable national network of provision. The other 50 percent of the component will support programme development and maintenance, including for extramural programmes, aligned with the RoVE objectives. This component will support the system to innovate and adapt to meet the ever-changing needs of the New Zealand labour market.

The three components work together to better meet the needs of learners, employers and communities. Diagram 1 shows how the component parts of the unified funding system will together make up providers’ funding allocations:

Diagram 1: the allocation method for funding in the unified funding system



In particular, these settings should support providers and employers to collaborate on work-based learning, with easily accessible pathways for learners to move between the modes. This, together with the learner component, will be important for breaking down barriers for learners, and for building pathways from school to work, supported by appropriate training.

As noted above, the UFS will take effect from 1 January 2023. Immediate action will hasten the behavioural changes the Government wants VET providers to make, and we believe that most providers are well-placed to react accordingly. Assessment of the impacts on subsectors by the TEC and the Ministry of Education suggests:

- › Te Pūkenga are well positioned as they gain a large portion of work-based training from transitional ITOs. There will be considerable shifts within their network.
- › Universities will experience small funding decreases, but will be able manage this shift within their overall funding allocations.
- › Wānanga revenue will increase slightly.
- › A large number of PTEs will see decreases in their volume-based funding allocations, though some of this will be offset by the two PTE elements of the strategic component. Transition support (see page 14) will be important to support strategically important provision to adapt,

Eligibility for tuition subsidies within the unified funding system will be aligned with current settings for provider-based training. This will have two main impacts:

- › extending funding for work-based training to people in the workplace who are not employees, such as the self-employed, contractors and volunteers
- › removing eligibility for training subsidies for legally employed individuals (who are not citizens, residence class visa holders, or otherwise classified as domestic tertiary students).

The second change means that work-based training for individuals (who are not citizens or residence class visa holders) would not be subsidised by the government. Employers could still access training for these individuals, but they would be classed as international students, and therefore could be charged international fees.

An exemptions scheme is being set up to allow some non-domestic learners to access specific training areas, along with transition arrangements, including grandparenting those learners with a training agreement at the time of implementation, and transition plans as needed for affected industries.

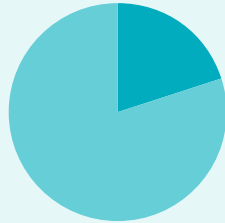
Unified Funding System

Current state

Two disconnected, volume driven funding systems with very little strategic or learner-based funding.

Current funding

80%
Provider-based system*



20%
Work-based system*

Provider-Based Funding



99%*

Student Achievement Component (SAC)
Levels 3-7

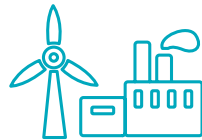
Subsidises education delivery for learners enrolled with a tertiary provider.

1%*

Equity Funding

Tuition top up for priority learners (Māori, Pacific and disabled learners).

Work-Based Funding



99%*

Industry Training Fund

Subsidises transitional industry training organisations to support work-based learning.

1%*

Joint Ventures Amalgamation Fund

Funding for collaboration on innovative projects.

*approximate only

Future state

Creating a single unified funding system for vocational education providers that is flexible, transparent, and responsive to learners, employers and communities.



Vision

A unified funding system that supports closer integration of work-based and provider-based learning, encourages more work-relevant and tailored support for learners, and enables new models of education delivery which are responsive to employer and industry demand.



85%*
Delivery Component

The delivery component will:

- Recognise the broad differences in delivery costs across subject and delivery modes (e.g. provider-led)
- Incentivise providers to support learners to transition to work-based learning
- Improve the quality and relevance of all provision.



7%*
Learner Component

The learner component will:

- Support providers to improve system performance, particularly for under-served learner groups
- Make sure the funding system better recognises the additional costs for tailoring education delivery and support.



8%*
Strategic Component

The strategic component will:

- Support Te Pūkenga to meet its charter obligations
- Support national and regional skills priorities identified by Workforce Development Councils and Regional Skills Leadership Groups
- Support the costs of programme development and maintenance.

Delivery component

The delivery component is the foundation of the unified funding system

Delivery component: key points

Amount of funding	Approximately 85 percent of funding in the unified funding system
Allocation method	Volume-based, with rates differentiated by the subject and mode of delivery
Shifts and incentives	<p>Rebalances investment between provider- and work-based learning to better support learners in work</p> <p>Incentivises providers to support learners to transition to work-based learning and build more work-integrated learning pathways</p> <p>Work-based rates are closer to provider-based rates with increases of between 40 and 90 percent on current average work-based funding rates</p> <p>Rates for most provider-based provision are around 80–85 percent of current funding rates for the same provision</p>

The delivery component supports the delivery of education and training both in provider-based settings and in the workplace. It replaces Student Achievement Component (SAC) funding for levels 3-7 (non-degree) and all funding from the Industry Training Fund.

This component will support education delivery in a new way. It is volume-based and will consider not only the subject of the delivery but also how it is delivered – that is, in a classroom, in the workplace or online.

This component seeks to enable and encourage providers to grow work-integrated learning pathways which meet learner, employer and community needs. This means provider-based learners should be able to easily access work-based training as part of their programmes, and employers and work-based learners will receive greater support from providers. Funding will be allocated for all education and training at levels 3-7 (non-degree) and industry training, based on the subject and how delivery occurs (mode of delivery).

From 2023, funding allocations will be calculated using the new delivery modes and categories.

Funding categories

Currently, the VET system does not consistently differentiate funding by subject. Introducing differentiated funding by subject for work-based training will better recognise different cost structures of different types of training (for example, on average retail training costs less than forestry training). The new grouping will simplify and consolidate rates compared to the existing system:

- › Humanities, Business and Social Service vocations
- › Trades, Creative Arts, Information Technology and Health-related Professions
- › Agriculture, Engineering, Health Sciences and Science
- › Pilot Training and Priority Engineering
- › Foreign-going Nautical and Specialist Agriculture
- › Te Reo and Tikanga Māori

A more detailed list of specific subject areas funded under each SAC funding category (the basis for subject groupings in the delivery component) can be found in the TEC's guidance in the [Course Classification Guide](#).

The scope of the unified funding system includes te reo and tikanga Māori provision at levels 3 to 7 (excluding degrees). TEC and the Ministry are currently undertaking a review of funding for te reo Māori across tertiary education. Until the review is complete, the Government is maintaining the funding rate for te reo Māori and tikanga Māori provision at no less than the current rate, regardless of the mode of delivery. This approach recognises the Crown's Te Tiriti o Waitangi/Treaty of Waitangi obligations to actively protect te reo and tikanga Māori as taonga and the importance of developing any substantive changes to the funding system for these subjects in partnership with Māori.

UFS modes of delivery

The funding system will account for *mode of delivery*. Funding differentiated by mode of delivery will incentivise providers to grow work-integrated learning pathways, incorporating both provider-based and work-based study, better meeting the needs of learners and employers.

There are five modes of delivery that reflect how learning takes place.

Mode	Description	Funding approach
Provider-based	Learners study mainly in a campus setting with supported self-directed learning. Providers are responsible for learners' health and wellbeing support.	To rebalance provider-based and work-based rates, rates for most provider-based provision will be around 80–85 percent of current funding rates for the same provision. Rates for provider-based provision will remain higher than work-based rates, to acknowledge the higher underlying costs structures (such as capital costs).
Provider-based: extramural	Learners study mainly away from a campus setting but not in the workplace. Learners undertake supported self-directed learning and the provider is responsible for the learners' health and wellbeing support. Officials will work to refine this mode to focus on online only delivery from 2024.	Rates for provider-based extramural delivery will be lower than standard provider-based rates. This reflects the smaller cost per learner (especially across large scale extramural programmes). The costs of programme development and maintenance will be supported by the strategic component.
Work-based	Learners study mainly in the workplace with supported self-directed learning. Learners are supported in their training by both the provider and employer. Providers are responsible for learners' health and wellbeing support but this may be provided in conjunction with the employer.	Work-based rates will be much closer to provider-based rates than is currently the case (around 80–95 percent of provider-based rates, which is a 40–90 percent increase from the current average work-based funding rate). This will enable a greater amount of support from the provider for work-based learners and their employers.

Mode	Description	Funding approach
Work-based pathway to work	Learners have completed some study in the provider-based mode. Providers assist learners to find jobs with training agreements and support them to establish their learning in the workplace. All other work-based responsibilities are the same as the work-based mode. This rate will be limited to the transition period between study and work.	To incentivise this new activity for providers, I propose that this mode of delivery receive a higher funding rate relative to the other modes of delivery for an initial period of time. This will meet the need identified by learners for providers to have an active role in supporting them to continue their learning in the workplace.
Assessment and verification:	Learners receive training in the workplace. The employer has created or purchased a programme of study leading to a qualification and delivers this. Providers work with employers to match the programme to the New Zealand Qualifications Framework. Providers are responsible for the quality of assessment of the programme.	In the current system, funding for assessment and verification activity is the same as for the activity described in the other modes, despite it taking considerably less resources. The cost for providers also does not substantially shift depending on the subject being assessed. Therefore, I propose that the funding rate for the assessment and verification mode of delivery be a flat rate that is substantially less than the other modes of delivery.

The table above provides the high-level descriptions of the modes of delivery agreed by Cabinet. Appendix 1 provides detailed definitions, supporting guidance and examples for each mode of delivery. It also provides general guidance that applies to multiple modes and includes links to relevant information.

Funding rates will apply to a common amount of learning, allowing learners to easily move between whichever mode of delivery is best for them, resulting in more work-integrated programmes of study.

An individual learner's programme can be made up of one or more modes. This will enable learners and employers to access learning opportunities in a way that works best for them and supports them to move seamlessly between different ways of learning.

The modes recognise the different cost structures involved in delivery.

The modes of delivery have been designed as part of the Unified Funding System (UFS) delivery component to:

- > recognise broad differences in costs across modes and subject areas and be used to determine the funding rate for providers
- > support the quality, relevance and growth of work-based learning
- > meet learner, employer and community needs
- > be simple and transparent.

Learner component

The learner component helps to meet the needs of learners.

Learner component: key points

Amount of funding	Approximately 7 percent of funding in the unified funding system
Allocation method	Primarily allocated based on number of learners with low prior achievement and disabled learners, with additional funding based on Māori and Pacific learner enrolments. Some funding to reward providers for improvements in learner success.
Shifts and incentives	Large increase in funding to support learners (currently less than 1 percent of VET funding) Uses key learner groups as a proxy for determining the level of learner need at, and therefore funding required for, a provider Providers will be rewarded for improving their learners' success

The learner component substantially increases funding to providers that is targeted at supporting all learners, particularly those who traditionally have not been well served by the education system.

It recognises that there are higher costs involved in adapting education delivery and support to meet learners' unique needs. The learner component is intended to support TEOs to put learners at the centre of their organisations and to improve outcomes for learners.

Learner component funding will be calculated based on the enrolments of four groups of learners who traditionally have not been well served by the VET system. It will apply to learners in all modes of delivery (of the delivery component) aside from assessment and verification.

We have identified four groups for whom the system has not previously worked as well as it could. These priority learner groups are:

- › learners with low prior achievement
- › disabled learners
- › Māori learners
- › Pacific learners.

The priority learner groups serve as a proxy for learners who need additional support to be successful in VET by providing a straightforward way to allocate funding across the VET system. It is not the intention that the learner component funding will only be used for learners in these four groups. Instead, providers are expected to identify the unique needs of all their learners, make decisions about how to support them, and allocate this funding accordingly.

Performance element incentive payments

TEC will identify and set performance expectations for how TEOs support their learners' success, based on the Minister's priorities. The performance expectations will be relevant and tailored to each TEO and the needs of their learner populations. This will be part of TEOs' annual investment plan process within TEOs' learner success plan, where appropriate.

An incentive payment will be paid to each TEO on achieving the performance expectations set by TEC. Performance expectations will be a combination of quantitative and qualitative measures and milestones, with an initial focus on organisational capability-building.

TEC is taking a phased approach to implementing these incentive payments, with an initial focus in 2023 on implementing it with a small number of TEOs (but those with significant levels of learner component funding), then rolling out to all TEOs in 2024.

The Minister has set the priorities for the small group of TEOs taking part in the targeted implementation. He has asked them to demonstrate how they will deliver results for VET learners (including, where relevant, in supporting employers who deliver VET) by committing to:

- › addressing racism, bias and low expectations that impact VET learners and their whānau
- › strengthening mechanisms to hear and act on VET learner voice and understand the views of whānau and communities about VET
- › reducing barriers for VET learners, particularly in accessing work-based learning, and supporting them to be successful in VET
- › ensuring VET teaching and learning meets learner, employer and industry needs, and delivers skills relevant for the workplace.

In 2023, those who are not taking part in the targeted implementation will receive the full amount of learner component funding. In 2024, the learner component incentive payments will be rolled out to all TEOs receiving funding through the learner component of the UFS. TEOs will not need to apply for learner component funding. It will be allocated as part of TEOs' overall funding for VET.

Strategic component

The strategic component provides funding (non-volume-based) to support providers to respond to key challenges within the system. In particular, this component seeks to support the VET system to respond to regional and national skills priorities, including supporting Te Pūkenga to build and sustain a national network of provision, and to support programme development and maintenance.

Responding to national and regional skills priorities

The first element of the strategic component will fund Te Pūkenga and private training establishments (PTEs) to respond to national and regional skills priorities. TEC will determine regional and national skills priorities, drawing on advice from WDCs, RSLGs, and Māori. This will ensure industry has a voice to express their needs and allow decisions on priorities to be informed by a variety of views on skills needs.

We are working with the wānanga on funding matters to recognise their unique role and contribution. This may include support for activities in VET.

Supporting programme development and maintenance

The second element of the strategic component will provide funding to support the costs of programme development and maintenance, including for extramural programmes. Programmes that are innovative, flexible, and responsive to new elements in the system will be prioritised, aligning with the RoVE objectives and the vision of WDCs. This element will be divided between Te Pūkenga, PTEs and wānanga.

Allocation of funding

The strategic component will be allocated in a variety of ways. Regarding the first element related to regional and national skills priorities:

- › Te Pūkenga will receive funding as part of the usual investment plan process, with performance expectations agreed through this plan. Te Pūkenga will be expected to use this funding to meet both its charter obligation to create a sustainable national network of vocational education, and to respond to national and regional skills priorities.
- › PTEs will be able to apply to receive funding for innovative projects that respond to national and regional skills priorities. This element will encourage and enable PTEs to trial new approaches to provision or other activities without relying on enrolments to fund the trial, or solely bearing the financial risk if it is unsuccessful.

The second element, the programme maintenance and development fund, will be allocated as follows:

- › Te Pūkenga will receive funding as part of the usual investment plan process, based on a negotiated plan, setting out milestones for delivery and payment.
- › PTEs will be invited to submit applications for the development and maintenance of programmes, demonstrating how their proposal aligns with the priorities identified by the WDCs and RSLGs. PTEs may apply for funding that covers the life of the programme's development, recognising that sometimes a long lead in time is needed. Payments will be tied to milestones identified in the application and through negotiation.
- › We will work with wānanga who are interested in delivering work-based learning to co-design the mechanism for allocating this element to the wānanga sub sector.

The implementation processes for the national and regional skills priorities and programme development and maintenance funds are still being finalised and we will provide further information on this in 2022.

PTE transitions funding

Initially, the funding for PTEs will also support a two-year transition approach focused on enabling strategically important provision to adapt to the new incentives offered by the UFS. Transition funding will achieve this by limiting funding reductions for priority and niche areas of provision at PTEs with significant funding reductions.

Priorities for PTE transitions funding

- › Future focused: Transitions funding will contribute to the costs of transition to the UFS, not of retaining current business models.
- › Transitional: Funding is time-limited for 2023 and 2024 only.
- › Strategic: The focus of this funding is on ensuring strategic and niche provision that is regionally and nationally important can be sustained to transition to the UFS.
- › Equitable impact: Funding considers the size of PTEs and their provision within the UFS, and their ability to respond.

Criteria

To be eligible for transitions funding, PTEs must meet the following criteria:

- a. A PTE faces a **significant** (at least 10 percent) fall in funding¹ for UFS provision, **AND**
- b. is delivering either:
 - i. **Priority provision** – (e.g. primary industries, construction, engineering, early childhood education (ECE), hauora/whānau ora, healthcare) **AND/OR**
 - ii. **Niche provision** – they are the only provider delivering a particular area of provision within the region or nationally.

The impact on individual PTEs is assessed based on their combined funding from the delivery and learner components only but does not exclude them from accessing the strategic component.

PTEs who are eligible for transitions funding for 2023 will have this funding communicated to them as part of their indicative allocations, released in June 2022.

Transitions funding will be available for 2023 and 2024 and will be paid in 12 equal monthly instalments. The amount available in 2024 will be less than in 2023.

1 based on funding for Delivery and Learner Components only.

Funding rates

The UFS has been designed specifically for the reformed VET system and to support the objectives of RoVE. The Government’s focus in setting the UFS rates is to provide the right financial incentives on providers to influence their decisions and, ultimately, achieve the improvements the Government is seeking for the VET system. At the same time, it is important that funding rates reflect the different costs of provision across subjects and modes. These rates strike a good balance between meeting different costs of provision and incentivising change.

The delivery, learner and strategic components will work together to drive change

Delivery component

Table 1: UFS delivery component rates for 2023

Funding categories	Mode of delivery / Full Time Equivalent Learner				
	Provider-based	Extra-mural	Work-based	Pathway to work	Assessment & Verification
Humanities, Business and Social Service Vocations (F1)	\$5,574	\$4,881	\$5,297	\$6,412	\$1,541
Trades, Creative Arts, Information Technology and Health-related Professions (F2)	\$8,863	\$4,881	\$7,270	\$9,043	\$1,541
Agriculture, Engineering, Health Sciences and Science (F3)	\$9,978	\$4,881	\$7,938	\$9,935	\$1,541
Pilot Training and Priority Engineering (F4)	\$12,208	\$4,881	\$9,276	\$11,719	\$1,541
Foreign-going Nautical and Specialist Agriculture (F5)	\$16,723	\$4,881	\$11,986	\$15,330	N/A
Te Reo and Tikanga Māori (F6)	\$6,770	\$6,770	\$6,770	\$6,770	N/A

The delivery component rates for 2023 are set out in Table 1. These rates will incentivise providers to: Support learners to transition to work-based training – Based on modelling against 2021 enrolments, the average rate for what is currently industry training will increase by approximately 50 percent (from \$4,900 per FTEL to \$7,400 per FTEL). The significant increases to rates for work-based training and the ‘pathway to work’ mode will incentivise providers to better support learners to start or transition into work-based training. The outcomes for learners who can work and earn at the same time are often much better in terms of earning potential and social capital.

Enhance support for employers – The significant increase in funding for work-based training will provide greater support to meet the costs of this training and support higher quality provision that meets the needs of employers. This will also encourage more employers to participate in the VET system.

Ensure a strong and sustainable regional network of provision – Maintaining provider-based rates at a level that – alongside the learner and strategic components – is close to current funding will help to ensure that most providers can meet the needs of learners and employers by delivering high-quality, consistent VET across New Zealand.

Learner component

Table 2: Final proposed learner component rates for 2023

Learner component	
Learner group	Funding rates / Full Time Equivalent Learner
Learners with low prior achievement	\$1,233
Disabled learners	\$1,233
Māori and Pacific learners level 7	\$338
Māori and Pacific learners to level 6	\$141

The learner component rates for 2023 are set out in Table 2. These rates are set at a level which creates strong incentives to support learners while maintaining an appropriate balance with delivery component rates.

This represents a significant increase in the amount of funding targeted to supporting learners (currently this is less than 1 percent of VET funding). This will increase and improve success and support for all learners and result in more support to providers with a greater number of learners that have traditionally been underserved by the system.

The learner component funding rates include the performance element incentive payment that will target a small number of TEOs in 2023. In 2023, those who are not taking part in the targeted implementation will receive the full amount of learner component funding.

Strategic component

The strategic component will be set at \$74 million in 2023. Table 3 sets out how the strategic component will be divided between subsectors. The rationale for these decisions is set out in Annex 3.

Table 3: Final agreed subsector splits for the strategic component

Subsector	Strategic component			
	For regional and national skills priorities		Programme Development and Maintenance Fund (PDMF)	
	Share	Funding (millions)	Share	Funding (millions)
Te Pūkenga	70%	\$26.611	60%	\$22.810
Private Training Establishments (PTEs)	30%	\$11.405	30%	\$11.405
Wānanga	N/A	N/A	10%	\$3.802

Subsector impacts of the proposed rates

Officials have modelled based on 2021 allocations how the UFS compares to current funding to understand how funding could shift across the VET system, including by subsectors.²

These impacts only relate to funding for vocational education, most TEOs will also have foundational and higher degree funding as well. The subsector impacts are summarised in Table 4 below.

More funding will be directed to work-based learning, creating stronger incentives for learner pathways into work and collaborative arrangements between providers and employers. While there will be a reduction in funding for provider-based enrolments through the delivery component of between 15 and 20 percent, the learner and strategic components mean that overall Te Pūkenga, the PTE sector and the wānanga experience on average an increase on 2021 funding (per FTEL).

Funding based on extramural enrolments reduces significantly for providers due to the lower fixed extramural rate that does not vary based on subject area. This will be partially balanced by the PDMF element of the strategic component which will provide up-front programme costs (see **Annex 3** for further information).

² Officials have modelled these impacts based on 2021 allocations and not actual delivery data. This means that the final outcome for a TEO may vary from this when funding for 2023 is agreed.

Table 4: Impacts of proposed rates within subsectors³

Subsector	Range of impacts ⁴	Overall change in funding	Commentary
Te Pūkenga	-34% to +53%	+\$95.2m (+17.6%)	<p>The changes affect the whole Te Pūkenga network. The decreases are biggest where there is a focus on online provision (i.e., Open Polytechnic). There is a significant increase in funding (53 percent) for their work-based delivery, with approximately 85 percent of volume from transitional ITOs transferring to Te Pūkenga.</p> <p>Overall, the significant increase in funding for work-based provision will result in significant funding increases for Te Pūkenga, despite lower provider-based and extramural rates. This will provide strong incentives for Te Pūkenga to grow work-based learning.</p>
PTEs	-57% to +72%	+\$11.3m (+5.9%)	<p>The PTE subsector will on average receive a 6 percent increase in funding for VET (including all components of the UFS and including those PTEs taking on the arranging training functions of ITOs). However, there are a range of impacts at individual PTEs. Volume-based funding for PTEs' existing provider-based study will decrease by an average of 15 percent. Some PTEs will be able to make this up through the strategic component.</p> <p>The proposed rates would mean that 46 out of 160 PTEs would lose more than \$100,000 and eight would lose more than \$500,000. This is based on 2021 enrolments, mixes of provision (subject areas) and modes. Many PTEs will be well placed to quickly adapt to the new incentives of the UFS and to grow work-based delivery. To support this, the Minister of Education has agreed for the TEC to put in place a two-year transition period for PTEs. The TEC's transition approach will limit funding reductions for priority and niche areas of provision at PTEs with significant funding reductions.</p> <p>There will be some PTEs that either do not qualify for transition funding support or that cannot adapt their business models around the new incentives of the UFS and shift more delivery to work-based provision. As a result, there will very likely be some PTEs that cease operations from 2023. The TEC will work closely with the New Zealand Qualifications Authority (NZQA) to support continuity for learners that are impacted by PTE closures during the next few years.</p>

3 Note that the Hairdressing ITO has not yet confirmed transition arrangements to that provider, and so are not included in the figures for subsector analysis.

4 This is the lowest and highest percentage change in funding experienced by individual providers (or subsidiaries of Te Pūkenga) from the current funding system in 2021 to the UFS rates if they were implemented in 2021. It is only based on funding through the delivery component and learner components and does not include strategic component funding which cannot be apportioned to specific providers (or subsidiaries of Te Pūkenga).

Subsector	Range of impacts ⁴	Overall change in funding	Commentary
Wānanga	-0.4% to +2.9%	+\$4.0m (+4.2%)	<p>Wānanga funding based on volume is largely retained at current levels due to the decision to maintain the funding rate for te reo Māori and tikanga Māori provision. Wānanga will also be well-placed to consider shifts into work-based delivery and respond to the incentives of the UFS.</p> <p>Officials are also currently undertaking a review of funding for te reo Māori and mātauranga Māori across all levels of tertiary education that may impact future funding rates, subject to future Budget decisions.</p>
Universities	-30% to -5%	-\$4.6m (-16.4%)	<p>The impacts on universities are small as a share of their total revenue given that only 2 percent of their current funding for volume is from VET.⁵ The UFS will result in a 0.3 percent reduction in their overall funding for volume. The effect is more significant for Lincoln University and Massey University, particularly due to changes in extramural rates, representing an estimated decrease of 1.7 and 1.1 percent respectively of their overall funding for volume.</p>

5 This excludes funding for research and private investment that universities receive, which totals nearly \$1 billion annually.

Appendix 1: Mode of delivery definitions

Provider-based

The learner is enrolled with a provider with delivery at a provider site, e.g. campus or other NZQA- and TEC-approved delivery site, and is undertaking teaching and learning activities, such as lectures and tutorials, with additional supported self-directed learning.

This mode can include internships, practicums and temporary work experience, and field and clinical experience undertaken as part of the learning. However, where the course comprises learning in the provider setting and workplace, no formal employment relationship exists. Further information on internships, practicums, and temporary work experience is provided in the general guidance on the TEC website.

Online learning platforms can be used under this mode. However, the majority of online learning needs to be delivered as synchronous learning, and/or to complement face-to-face teaching and learning.

The provider is responsible for the learner's health and wellbeing support in accordance with the [Code of Practice for the Pastoral Care of Tertiary and International Learners](#).

The provider is funded to:

- › deliver programmes for credentials that meet employer and industry needs as well as regional and national skills priorities
- › deliver all education/training and assessment activities⁶ towards an NZQA or Committee on University Academic Programmes (CUAP)-approved credentials
- › provide all learning support and pastoral care in relation to the learner's needs in accordance with the [Code of Practice for Pastoral Care of Tertiary and International Learners](#).

See General guidance on the modes of delivery on the TEC website.

Example

Provider A offers Tourism and Hospitality courses delivered at a main campus or an NZQA-approved delivery site.⁷

Learners attend in person at an approved delivery site to undertake the majority of their studies. They participate in classroom/kitchen-based activities designed to help them achieve the expected learning outcomes of the programme. They undertake work experience when ready, and during that time may have some of their skills formally assessed by a visiting tutor. Learners may also undertake self-directed study (either supervised on campus or offsite) during their Programme.

To retain the provider-based funding rate, the delivery needs to mirror what would have happened in a campus setting. The delivery also needs to include the same level of engagement opportunities between learners and the provider (to the best of the provider's ability.)

6 Assessment activities include verification and moderation and can include purchasing and utilising assessment resources from an external source.

7 If providers are forced to close their campuses and transition to online learning due to situations similar to the COVID-19 pandemic, the funding rate for the mode of delivery could remain at the provider-based mode (where appropriate).

Provider-based: extramural

The learner is enrolled with the provider with learning occurring away from a provider site (and not in a workplace). The delivery primarily involves the use of postal services, hard copy workbooks, or an online learning platform with limited face-to-face contact (either online or in-person) between the provider and learner. Where online learning platforms are used, they can also involve group lectures, tutorials, etc.

Learning in this mode is typically structured to give learners the flexibility to complete their work in their own time, notwithstanding the provider's ability to set timeframes during which learners need to engage with the learning.

The provider is responsible for the learner's health and wellbeing support in accordance with the [Code of Practice for the Pastoral Care of Tertiary and International Learners](#).

The provider is funded to:

- › deliver programmes for credentials that meet employer and industry needs as well as regional and national skills priorities
- › deliver all education/training and assessment activities⁸ towards an NZQA-approved credential
- › provide all learning support and pastoral care in relation to the learner's needs while studying and in accordance with the Code of Practice for Pastoral Care of Tertiary and International Learners.

See General guidance on the modes of delivery on the TEC website.

Example

Provider B delivers Business and Accounting courses online using a mix of online learning platforms and hardcopy workbooks. Most of the course credentials can be completed through asynchronous learning with some credentials requiring the learner to attend a small number of online lectures and workshops.

8 Assessment activities include verification and moderation and can include purchasing and utilising assessment resources from an external source.

Work-based: pathway to work

The Work-based: pathway to work mode is about a transition from provider-based learning to work-based learning. It consists of a three-step process starting in the provider setting, moving into Work-based: pathway to work setting, and resulting in the learner completing their study in the Work-based mode. The funding for this mode covers the transition period from Provider-based (or Provider-based: extramural) to Work-based learning.

The learner is enrolled with the provider and delivery has transitioned from either Provider-based (or Provider-based: extramural) mode to Work-based learning with the same provider. Learning is provided in partnership by the provider and employer.

Work-based: pathway to work only occurs when there are formal agreements in place covering each party's roles and responsibilities. The formal agreements that are required by this mode include:

- › an agreement between the provider and employer outlining the arrangement to support learners in a work-based learning environment
- › an enrolment agreement between the learner and provider
- › a training agreement, which forms part of the formal employment agreement or relevant equivalent, between the employer and employee/learner.

This mode is to support learners to gain suitable, meaningful and sustainable employment relevant to their programme of learning. The provider will actively assist the learner to find employment and support and establish their learning in the workplace.

Microcredentials and training schemes are not eligible for funding under this mode.

The learner is only able to transition from Provider-based or Provider-based: extramural mode, to Work-based: pathway to work mode to continue their learning towards an NZQA-approved qualification, when the:

- › employment opportunity is relevant to their continuing programme of study
- › training covers up to 30 credits or a period of 3 months (whichever comes first), and
- › work-based learning is from the same provider.

The prerequisites for this mode are that the:

- › learner has been awarded some credits in either the Provider-based mode, or the Provider-based: extramural mode in a relevant programme of study (e.g., same field of study or industry connection)
- › learner must not have been enrolled in TEC-funded work-based learning for at least six months prior to them studying the same (or a similar) qualification
- › learner has not completed 75 percent of the same programme in the last three years.

The provider is funded to:

- › deliver programmes that enable learners to enter the workforce while undertaking learning towards a qualification that meets regional and national skills priorities
- › find suitable employment that provides work-based learning opportunities for the learner
- › work with the employer to develop the required agreements, identify relevant training needs, develop a learner pathway and a learner-specific training agreement
- › enrol learner in relevant courses
- › work with the employer to deliver learning, and support a transition to work-based learning

- › provide all learning support and pastoral care in relation to the learner’s needs, in accordance with the [Code of Practice for Pastoral Care of Tertiary and International Learners](#)
- › assess and, where necessary, develop employer capability for training and verification of skill acquisition
- › provide learning and assessment material towards an NZQA-approved credential (level 3-7 non-degree)
- › undertake all assessment and quality assurance activities⁹ to NZQA standards.

The employer is required to:

- › ensure there are formal agreements that clearly define each party’s responsibilities and describes the training that will continue under the Work-based mode
- › ensure there is a formal written employment agreement with the learner that complies with the Employment Relations Act 2000, or a relevant equivalent for those that are volunteers or contracting their services
- › provide regular training and supervision during work hours
- › support the learner’s relevant skill acquisition and any self-directed learning through resource provision
- › work with the provider to ensure the work-based learning modules to achieve the learning outcomes within the relevant agreement are completed
- › transition the learner to work-based learning once the learning outcomes identified as a pre-requisite to enter the Work-based mode, as defined in the relevant agreement, have been met.

See General guidance on the modes of delivery on the TEC website.

Example

Provider C currently delivers programmes which are Provider-based, Provider-based: extramural and Work-based. They leverage their close contacts with local engineering businesses and their own staff expertise and equipment in response to indications from their Regional Skills Leadership Group of a looming shortage of fabricators due to retirement within the existing local workforce.

Learners enrol in the Level 3 Engineering Fabrication programme at the provider’s site. The provider offers core skills in health and safety, tool use, and employability skills and other learning relevant to the programme. The provider then arranges a ‘pathway to work’ where the learner becomes employed (and a relevant employment agreement signed) and is supported to continue with their programme as outlined in formal agreements signed by the learner, provider and employer.

A provider staff member is allocated as a mentor to learners in the Work-based: pathway to work mode, and visits regularly.

After the Work-based: pathway to work period has finished, the learning shifts to the Work-based mode. As part of their commercial agreement, the provider has already determined with the employer what assessment evidence is suitable for final assessments and the assessment evidence and activities comply with the NZQA requirements for the programme. For example, production logs and low reject or re-work tallies are suitable evidence of competence.

The learner continues under Work-based mode with the programme of training / learning until they complete all the requirements of that programme.

⁹ Assessment activities include verification and moderation and can include purchasing and utilising assessment resources from an external source.

Work-based

The learner is an employee, contractor or volunteer, and an enrollee with a provider and acquires skills in their workplace. Learning is typically work-based with supported self-directed learning.

Learners are supported in all aspects of their training by both the provider and employer. Providers are responsible for the learner's health and wellbeing support, in combination with the employer, and in accordance with their obligations under employment legislation and, where applicable, the [Code of Good Practice for New Zealand Apprenticeships](#). The following formal agreements are required for this mode:

- › an agreement between the provider and employer outlining the arrangements to support learners in a work-based learning environment
- › an enrolment agreement between the learner and provider
- › a training agreement, which forms part of the employment agreement or relevant equivalent, between the employer and employee/learner.

The provider is funded to:

- › deliver programmes for credentials that meet regional and national skills priorities
- › determine the credits that need to be completed before the learner is eligible to undertake work-based learning with the employer
- › work with the employer to develop or amend the required agreements, identify relevant training needs, develop the learner pathway, and provide the learner-specific training agreement
- › enrol the learner in a relevant credential
- › work with the employer to provide learning
- › provide all learning support and pastoral care in relation to the learner's needs and in accordance with the NZQA [Code of Practice for Pastoral Care of Tertiary and International Learners](#) and, where relevant, the code of good practice for NZ Apprenticeships
- › assess and, where necessary, develop employer capability for training and verification of skill acquisition
- › provide learning and assessment material towards an NZQA-approved credential
- › undertake all assessment and quality assurance activities¹⁰ to NZQA standards.

The employer is required to:

- › work with the provider to ensure learners have the necessary skills to undertake work-based learning
- › provide regular learning and supervision during work hours and support to attend any campus-based course
- › ensure there are relevant formal agreements
- › provide all learning support and pastoral care in relation to the learner's needs and, where applicable, in accordance with the code of good practice for NZ Apprenticeships when learning is undertaken at the workplace
- › work with the provider to ensure all work-based learning defined in the relevant agreement is completed
- › support the provider with the assessment and verification of the learner's skill acquisition
- › support the learner's relevant skill acquisition and any self-directed learning through resource provision.

See General guidance on the modes of delivery on the TEC website.

10 Assessment activities include verification and moderation and can include purchasing and utilising assessment resources from an external source.

Example

Provider D arranges to support learners who are ‘learning while they’re earning’ as a trades apprentice. The learner, employer and provider all understand the learning content delivered, evidence collection points and any gaps in learning that can be covered within the workplace.

Learners go to their workplace most of the time. They participate in work-based activities designed to help them achieve the expected learning outcomes in their training plan. During that time they have some of their skills formally assessed by a visiting tutor. Learners may also undertake relevant block-courses at a TEO’s site during their Programme.

Assessment and verification

The learner is already employed with skills acquisition and training occurring in their workplace.

The learner undertakes in-house learning to complete training towards a level 3-7 (non-degree) credential that is delivered by their employer.

The employer and the employee (the learner) have a training agreement in place as part of the employee’s employment agreement.

The employer is required to:

- › develop or contract the delivery of an in-house training programme to deliver training specific to the employer’s needs
- › work with provider(s) to map these to a specific qualification or credential that the provider has NZQA accreditation and approval for
- › work with provider(s) to agree a contract for assessment and verification services
- › deliver all training
- › provide all training and assessment material (which may include procurement of these from the provider)
- › be responsible for learning support and pastoral care in accordance with employment law.

The provider is funded to:

- › map the employer’s training programme to an NZQA-approved credential, skill standard or qualification
- › oversee the development and execution of all assessment quality assurance activities*
- › award the credential to the learner upon completion of their learning.

See General guidance on the modes of delivery on the TEC website.

Example

Provider E partners with a national restaurant chain that utilises their own structured learning and evidence collection systems.

The provider has carried out detailed mapping of these workplace outcomes against the qualification outcomes for the appropriate programmes and documented these for future quality assurance purposes. The provider assists with relatively ‘light touch’ support, such as tracking their progress through internal learning and evidence collection steps and reporting the results to NZQA and awarding learners the correct credential.

Required agreements for Work-based: pathway to work and Work-based modes

Providers that offer work-based learning arrangements are required to ensure the following agreements are in place:

- › an agreement between the provider and employer outlining their arrangement to support learners to continue their learning journey in the workplace;
- › an enrolment agreement between the learner and provider; and
- › a training agreement between the employer and the employee (the learner) as part of their employment agreement.

Group training schemes and providers training their own employees

For the purposes of the modes of delivery, Group Training Scheme (GTS) learners enrolled with TEOs who have secured TEC funding for 2023 will be recognised and funded under the Work-based mode. This approach recognises the unique learner pathway that they facilitate.

Subcontracting arrangements

Formalised partnerships with other providers are possible, as long as mutual obligations are clearly documented and adhered to and the arrangement complies with funding conditions set by TEC. Subcontracting arrangements need to be approved by NZQA and TEC and formalised by an agreement between the two parties.

Temporary work experience, internships and practicums

Temporary work experience and placements add value to programmes and play an important part in learning and career success, both for technical and employment skills. All internships (regardless of the learning setting) will be funded through the relevant provider-based mode.

Appendix 2: Key decisions regarding unified funding system rates

The UFS is a key way of supporting a system that is flexible, transparent, and more responsive to learners, employers and communities. The way we calculate and determine funding rates for providers is therefore also shifting to support these changes. This section provides the rationale for the changes to the funding system and the shifts they are intended to support.

Delivery component

- › Approximately 85 percent of funding in the unified funding system
- › Funding is volume-based, with rates differentiated by the subject and mode of delivery
- › Rebalances investment between provider- and work-based learning to better support learners in work
- › Incentivises providers to support learners to transition to work-based learning and build more work-integrated learning pathways

Decision	Rationale
Fund based on mode of delivery including...	<ul style="list-style-type: none">› Funding differentiated by mode of delivery will incentivise providers to grow work-integrated learning pathways, incorporating both provider-based and work-based study, better meeting the needs of learners and employers.
...setting provider-based provision at 80–85 percent of current SAC rates.	<ul style="list-style-type: none">› Lower rates for provider-based provision strengthens incentives on providers to offer work-based learning.› When combining delivery component rates for provider-based provision with funding from the learner and strategic components, funding is closer to current levels.› Rates for provider-based provision will remain higher than work-based rates, to acknowledge the higher underlying costs structures (such as capital costs).
...creating a new extramural mode at a fixed rate of \$4,500 across all subjects (40 to 70 percent of current rates).	<ul style="list-style-type: none">› Evidence suggests that, delivered at scale, the cost of online learning is lower than face-to-face, and it is important to align these costs with work-based learning (much of which uses online delivery methods).› Cost differentials for extramural delivery are built into the programme development phase (see strategic component below), which is more appropriate for extramural delivery than subject differentials.› When combining the extramural rate with funding from the learner and strategic components, funding is closer to current levels.

Decision	Rationale
<p>... increasing work-based learning rates by 40–90 percent.</p>	<ul style="list-style-type: none"> › Higher rates for work-based learning and bringing them closer to rates for provider-based learning strengthens incentives on providers to engage in work-based learning. › This will also enable a greater amount of support from the provider for work-based learners and their employers. › Within work-based learning, greater differentiation of rates by mode and subject will better reflect costs of delivery of different types of work-based provision and will incentivise providers towards higher-quality work-based provision.
<p>... creating a new work-based pathway to work mode.</p>	<ul style="list-style-type: none"> › This important new element of the VET system will meet the need identified by learners for providers to have an active role in supporting them to continue their learning in the workplace. › Higher rates for this mode will incentivise providers to undertake this new activity.
<p>... creating a new assessment and verification mode at a fixed rate across all subjects.</p>	<ul style="list-style-type: none"> › A lower rate for this new mode reflects the minimal involvement of providers in instances where employers deliver their own training. › The fixed rate reflects that the costs to providers of assessment and verification do not substantially differ by subject.
<p>Fund based on subject groupings, including...</p>	<ul style="list-style-type: none"> › Currently, the VET system does not consistently differentiate funding by subject. Introducing differentiated funding by subject for work-based training will better recognise different cost structures of different types of training (for example, on average retail training costs less than forestry training). The proposed grouping will simplify and consolidate rates compared to the existing provider-based system.
<p>... Establishing a new subject category for Pilot Training and Priority Engineering set at approximately 85 percent of the average SAC rates.</p>	<ul style="list-style-type: none"> › This means the decrease in funding rates for provider-based Pilot Training and Priority Engineering will be in line with other provider-based funding rate decreases. › Without a separate subject category for Pilot Training and Priority Engineering, their funding rates would have decreased more than other provider-based rates (70 to 75 percent).
<p>... Maintaining the funding rate for te reo Māori and tikanga Māori provision at no less than the current rate, regardless of mode of delivery.</p>	<ul style="list-style-type: none"> › This approach recognises the Crown’s Te Tiriti o Waitangi/Treaty of Waitangi obligations to actively protect te reo and tikanga Māori as taonga and the importance of developing any substantive changes to the funding system for these subjects in partnership with Māori. Officials are currently undertaking a review of funding for te reo Māori across tertiary education. Decisions about funding for te reo Māori and tikanga Māori will be made as part of that review.

Decision	Rationale
<p>Extending eligibility for funding for work-based provision to people in the workplace who are not employees, such as the self-employed, contractors and volunteers.</p>	<ul style="list-style-type: none"> › This aligns with the current settings for provider-based training, resulting in the same rules across the UFS.
<p>Removing eligibility for funding for work-based provision for individuals who are not citizens, residence class visa holders, or otherwise classified as domestic tertiary students, with exemptions to allow some non-domestic trainees and apprentices to be eligible for domestic funding rates.</p>	<ul style="list-style-type: none"> › Removing eligibility for funding for non-domestic learners in work-based provision will align with the approach for provider-based learning, resulting in the same rules across the UFS. › WDCs would advise TEC to provide subsidies where (a) occupations are on the immigration ‘green list’ or are within the scope of a sector agreement, and (b) there is good supply of education and training for domestic students (or a plan to create this), and a timetable for moving away from a reliance on public subsidies.

Learner component

- › Approximately 7 percent of funding in the unified funding system
- › Large increase in funding to support learners
- › Primarily allocated based on number of learners with low prior achievement and disabled learners, with additional funding based on Māori and Pacific learner enrolments
- › Some funding to reward providers for improvements in learner success

Decision	Rationale
Set funding for learners with low prior achievement and disabled learners to \$1,233	<p>This is a significant increase on existing funding targeted at supporting learners who are more likely to experience disadvantage in the VET system.</p> <p>This rate will strongly incentivise providers to enrol and support learners with low prior achievement and disabled learners (without being so high as to distort the incentive powers of delivery component rates).</p> <p>These learner groups are a proxy for learners who need additional support to be successful in VET. Providers will be expected to identify the unique needs of all their learners (including through engagement with learners and their communities), make decisions about how to support them, and allocate funding accordingly.</p>
Set funding for Māori and Pacific learners in line with 2021 Equity Funding rates (\$141 per full-time equivalent learner at levels 3 – 6, \$338 at level 7 non-degree)	<p>Māori and Pacific learners who also have low prior achievement and/or are disabled will receive both funding rates, recognising that these learners have compounding levels of disadvantage.</p>

Strategic component

- › Approximately 8 percent of funding in the unified funding system.
- › Supports national and regional skills priorities identified by WDCs and RSLGs.
- › Supporting Te Pūkenga to meet its charter obligations to sustain a national network of provision.
- › Support programme development and maintenance aligned with the RoVE objectives.

Decision	Rationale
<p>Create funding linked to national and regional skills priorities (half of strategic component funding), with:</p> <ul style="list-style-type: none"> › 70 percent of funding for Te Pūkenga › 30 percent of funding for PTEs. 	<p>This element will encourage and enable TEOs to trial new approaches to provision or other activities without relying on enrolments to fund the trial, or solely bear the financial risk if it is unsuccessful.</p> <p>The process for determining regional skills priorities will involve WDCs and RSLGs. This will ensure consistency across the system and allow decisions on priorities to be informed by the views of different regions on their skills needs. The TEC will also be required to consider Māori interests when setting priorities.</p> <p>Officials are working with the wānanga through a separate workstream on funding to recognise their unique role and contribution. This may include support for activities in VET.</p>
<p>Create a new Programme Development and Maintenance Fund (PDMF) divided proportionately to each sub-sector's share of overall UFS funding with:</p> <ul style="list-style-type: none"> › 60 percent of funding for Te Pūkenga › 30 percent of funding for PTEs › 10 percent of funding for wānanga. 	<p>The PDMF will support the development of new programmes and the review and maintenance of existing programmes, where appropriate. Programmes that are innovative, flexible, and responsive to new elements in the system will be prioritised, aligning with the RoVE objectives and the vision of WDCs.</p> <p>It will meet the high upfront costs of programme development, including for extramural programmes.</p> <p>In 2023 and 2024, a portion of the funding available for PTEs will also be allocated to support PTEs to transition to the new funding rates, with a focus on PTEs with a significant fall in funding and either priority or niche provision.</p> <p>The basis for the percentage split of overall funding excludes te reo Māori and tikanga as the funding rates for this provision will be retained.</p> <p>A component of a Budget 2022 initiative will set up a high proficiency fund for te reo Māori which could provide targeted support for the development of advanced and immersion te reo Māori programmes.</p>