

Unified Funding System ▶▶

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.

Current state

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

PROVIDER FUNDING SYSTEM

AROUND
99%
OF FUNDING

Student Achievement Component (SAC) Levels 3-7

Subsidises education delivery for learners enrolled with a tertiary provider



AROUND
1%
OF FUNDING

Equity Funding

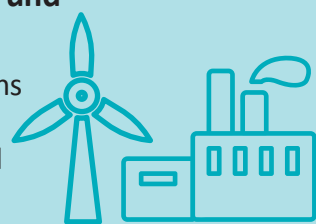
Tuition top up for priority learners (Māori, Pacific and learners with disabilities)

INDUSTRY TRAINING FUNDING SYSTEM

AROUND
99%
OF FUNDING

Industry Training Fund

Subsidises industry training organisations (now TITOs) to support work-based learning



AROUND
1%
OF FUNDING

Joint Ventures Amalgamation Projects

Funding for collaboration on innovative projects

Possible future state

Creating a single unified funding system for all tertiary education organisations that is simple, relevant, and responsive to learners and employers

UNIFIED FUNDING SYSTEM

Learner-based component



The learner-based 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

Category component



The category component will:

- Recognise the broad differences in delivery costs across subject and delivery modes (e.g. provider-led, work-integrated, and employer-led)
- Support quality, relevance, and the growth of work-integrated delivery
- Be simple and transparent

Strategic component



The strategic component will:

- Encourage innovation and increase responsiveness to national and regional skills priorities
- Support strategically important delivery in line with national and regional skills priorities
- Complement other government funding support for wānanga capability, te reo Māori, and Mātauranga Māori

Strategic choices



Funding predictability vs responsiveness

There is an inherent tension between leveraging funding to incentivise responsiveness to learner and stakeholder need, and ensuring financial certainty for TEOs.



Composition of components

The relative size of each of the three components will have a major impact on where tertiary providers focus their energy and resources.