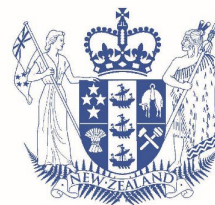


Hon Penny Simmonds

Minister for Tertiary Education
Minister of Science, Innovation and Technology
Associate Minister for Social Development and Employment



Dr Alan Bollard
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Alan,

Determination of Design of Funding Mechanism: English Language Teaching

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 English Language Teaching (formerly Specialised English for Speakers of Other Languages, or ESOL).

The new determination is set out in the appendix to this letter. The determination covers the funding of provision delivered from 1 January 2027.

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 'P. Simmonds'.

Hon Penny Simmonds
Minister for Tertiary Education

DETERMINATION OF DESIGN OF FUNDING MECHANISM: ENGLISH LANGUAGE TEACHING

PRELIMINARY PROVISIONS

Statutory authority

1. This funding mechanism for English Language Teaching (formerly known as Specialised English for Speakers of Other Languages, or ESOL) is made under section 419 of the Education and Training Act 2020 (the Act).

Purpose

2. English Language Teaching (ELT) comprises two funds:
 - a. the ELT Intensive Literacy and Numeracy Fund (ELT ILN Fund); and
 - b. the ELT - Refugee English Fund (Refugee English Fund).
3. The general parameters and conditions included in this funding mechanism apply to both funds unless stated otherwise.
4. The purpose of these specialised ELT funds is to:
 - a. increase opportunities for adults to engage in English literacy and numeracy learning, particularly migrants and refugees; and
 - b. raise adults' English literacy and numeracy skills to help them progress onto further study and employment.

On-Plan funding

5. The Tertiary Education Commission (TEC) must pay funding for ELT under section 425 of the Act.

PART ONE: THE FUNDING MECHANISM

GENERAL PARAMETERS

Effective period

6. This funding mechanism is to fund ELT provision delivered from 1 January 2027.
7. The TEC may exercise any of its administrative functions as required to give effect to this funding mechanism before this date.

Available funding

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

TEC administrative responsibility in the case of under-funding

9. If a tertiary education organisation (TEO) receives funding under this funding mechanism that is less than it should have been, or than it was entitled to receive, the TEC must pay the amount of the under-funding as soon as reasonably practicable.

Geographical areas of provision

10. The TEC must prioritise funding allocated under this funding mechanism to TEOs located in common refugee settlement areas.¹

Learner identity

11. The TEC must establish the requirements that TEOs must comply with to verify each learner's identity and eligibility for the purposes of this funding mechanism.

SPECIFIC PARAMETERS

A. THE ELT ILN FUND

Purpose

12. The purpose of the ELT ILN Fund is to fund the intensive provision of ELT learning opportunities within an appropriately structured environment, to increase opportunities for adults, particularly migrants and refugees, to engage in English literacy and numeracy learning.

Funding rate

13. The TEC must allocate \$22.81 of funding from the ELT ILN Fund to TEOs per hour of ELT tuition that is delivered to the learner.
14. The total hours of ELT tuition delivered per learner by a TEO is generally expected to be between 20 and 500 hours per year, acknowledging some learners have a need for more or fewer hours.
15. ELT tuition must be delivered at the intensity of 5 to 40 hours per week per learner.
16. The TEC must monitor provision funded under the ELT ILN Fund to ensure that it is delivered in accordance with paragraphs 14 and 15. The TEC must use the outcomes of its monitoring of a TEO's performance to inform future allocations through this fund.

TEO eligibility

17. For the purposes of the ELT ILN Fund, an organisation is an eligible TEO if it:
 - a. is one of the following:
 - i. a university;

¹ Note that West Auckland, South Auckland, Hamilton, Palmerston North, Wellington (City), Lower Hutt, Porirua, Christchurch, Nelson, Dunedin and Invercargill are the main refugee resettlement areas, but the areas have been expanded to support the increase in the number of refugees being resettled in New Zealand. These new areas include: Ashburton, Blenheim, Levin, Masterton, and Timaru.

- ii. a polytechnic;
 - iii. the New Zealand Institute of Skills and Technology (NZIST);
 - iv. a wānanga;
 - v. a private training establishment that is registered by NZQA (registered PTE);
 - vi. a State school, State-integrated school, or Charter school;
 - vii. a rural education activities programme (REAP) provider; or
 - viii. a community organisation; and
- b. has demonstrated expertise in delivering ELT to adult refugee-background learners and migrants.

Programme eligibility

18. The TEC must only fund a programme from the ELT ILN Fund that:
- a. has English language and literacy and/or numeracy outcomes;
 - b. is taught by educators who are appropriately qualified as determined by TEC; and
 - c. is flexible and tailored to respond to the particular needs of adult learners (for example, provision may be delivered at off-peak times for those in employment).

Learner eligibility

19. The TEC must only fund a TEO from the ELT ILN Fund in respect of a learner who:
- a. is a person for whom English is not a first language;
 - b. has low English language and/or literacy and/or low numeracy skills;
 - c. is a “domestic student” as defined under section 10(1) of the Act;
 - d. is 16 years of age or over; and
 - e. is not enrolled as a full-time secondary school student.
20. The TEO must only re-enrol a learner in provision funded under the ELT ILN Fund for a period of no more than five years or 60 months (the maximum period). These enrolments of an individual learner may be non-consecutive, with the sum total duration of enrolments being no more than the maximum period, unless prior written approval is granted by the TEC.

B. THE REFUGEE ENGLISH FUND

Purpose

21. The purpose of the Refugee English Fund is to support learners with a refugee background, or other special circumstances related to their transition to residence in New Zealand, to raise their English literacy and numeracy skills that will help them to enter employment or undertake their choice of vocational or degree-level education, by

providing fees-free access to English Language programmes at Level 3 – 5 on the New Zealand Qualifications and Credentials Framework (NZQCF).

Funding rates

22. The TEC must allocate funding to TEOs on the basis of:
- a. a specified number of fees-free places in ELT programmes leading to qualifications at Level 3 – 5 on the NZQCF;
 - b. the tuition fees charged for enrolment in ELT programmes leading to qualifications at Level 3 – 5 on the NZQCF; and
 - c. wellbeing and learning support of \$488 per place, to be used for supporting the educational achievement of learners.²

TEO eligibility

23. For the purposes of the Refugee English Fund, an organisation is an eligible TEO if it:
- a. is one of the following:
 - i. a university;
 - ii. a polytechnic;
 - iii. NZIST;
 - iv. a wānanga; or
 - v. a registered PTE; and
 - b. receives funding through the *Delivery at Levels 3-7 (non-degree) on the NZQCF and all industry training* funding mechanism; and
 - c. is experienced in educating learners from a refugee-background.

Programme eligibility

24. The TEC must only fund a TEO for a programme funded from the Refugee English ILN Fund if the programme:
- a. leads to an English language qualification at Level 3 – 5 on the NZQCF that supports ELT learners with English, and can include skills in preparation for further study; and
 - b. is taught by appropriately qualified educators.

² This wellbeing and learner support may also be shared with other refugee-background learners at the TEO.

Learner eligibility

25. The TEC must only fund a TEO from the Refugee English Fund in respect of a learner who:
- a. is a “domestic student” as defined under section 10(1) of the Act;
 - b. is not a full-time secondary student; and
 - c. has either:
 - i. a refugee background, as defined in paragraph 27 of this funding mechanism; or
 - ii. other special circumstances, related to their transition to residence in New Zealand, as outlined in paragraph 28 of this funding mechanism.
26. The TEO must only re-enrol a learner in provision funded under the Refugee English Fund for a period of no more than three years or 36 months (the maximum period). These enrolments of an individual learner may be non-consecutive, with the sum total duration of enrolments being no more than the maximum period, unless prior written approval is granted by the TEC.
27. For learner eligibility, the term “refugee-background” covers:
- a. refugees or protected persons³; and/or
 - b. those who gained the Afghan Emergency Resettlement Visa, and the partner and/or children of members of these groups; or
 - c. other family that gained a New Zealand residence class visa due to their relationship to a refugee, protected person, or those holding an Afghan Emergency Resettlement Visa.⁴
28. For learner eligibility, “other special circumstances, related to their transition to a residence visa” includes those directly affected by the Christchurch mosques terror attack and their family members. This group are holders of the Christchurch Response Visa, or those who would have been eligible for this visa but were already holding another residence-class visa. This group also includes residence-class visa holders who are a family member of a living person, where that living person is:
- a. the holder of a Christchurch Response Visa; or

³ This includes those resettled by the government in New Zealand as refugees and those who gained refugee status or protected person status while living in New Zealand. For the avoidance of doubt, this includes people who have gained refugee status or protected person status and are yet to gain a residence visa as they are refugee-background and still meet the definition of domestic students.

⁴ For the avoidance of doubt, refugee-background will also include the Afghan interpreters who worked for the New Zealand-led Provincial Reconstruction team in Afghanistan and their dependants who were also granted residence visas.

- b. a New Zealand citizen who:
 - i. was a resident visa holder under the Immigration Act 2009 on 15 March 2019 and was eligible for a Christchurch Response Visa; or
 - ii. would have been eligible for a Christchurch Response Visa had they not already been the holder of a permanent resident visa under the Immigration Act 2009 on 15 March 2019; or
 - iii. would have been eligible for a Christchurch Response Visa had they not already been a New Zealand citizen on 15 March 2019; or
 - iv. was granted New Zealand citizenship after holding a Christchurch Response Visa; or
- c. the holder of a permanent resident visa under the Immigration Act 2009 who:
 - i. was a resident visa holder under the Immigration Act 2009 on 15 March 2019 and was eligible for a Christchurch Response Visa; or
 - ii. would have been eligible for a Christchurch Response Visa had they not already been the holder of a permanent resident visa under the Immigration Act 2009 on 15 March 2019; or
- d. the holder of a resident visa under the Immigration Act 2009, who held a resident visa on 15 March 2019 and who was eligible for a Christchurch Response Visa.

PART TWO: FUNDING CONDITIONS

29. The TEC must attach the following specific conditions to funding paid under this funding mechanism:

Tertiary Education Organisations

30. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, for the length of the funding period, continue to meet the criteria specified at:
- a. paragraph 17 of this funding mechanism, if the funding is from the ELT ILN Fund; or
 - b. paragraph 23 of this funding mechanism, if the funding is from the Refugee English Fund.

Programmes

31. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a programme in which an eligible learner is enrolled continues to meet the criteria specified at:
- a. paragraph 18 of this funding mechanism, if the funding is from the ELT ILN Fund; or
 - b. paragraph 24 of this funding mechanism, if the funding is from the Refugee English Fund.

Learners

32. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
- a. ensure that each learner who is enrolled in a programme continues to meet the criteria specified at:
 - i. paragraphs 19 and 20 of this funding mechanism, if the funding is from the ELT ILN Fund; or
 - ii. paragraphs 25 and 26 of this funding mechanism, if the funding is from the Refugee English Fund;
 - b. in accordance with the requirements specified by the TEC, verify the identity of each learner enrolled in an eligible programme and confirm each learner's eligibility for the purposes of this funding mechanism; and
 - c. provide eligible learners, prior to or during the enrolment process, with a privacy statement that meets criteria set by the TEC about the collection and use of their personal information, and that advises learners that their personal information may be disclosed to the TEC, NZQA, the Ministry of Education, the Ministry of Social Development and Inland Revenue, as appropriate.

TEO responsibilities: ELT ILN Fund

33. The TEC must attach to funding a condition that a TEO that receives funding from the ELT ILN Fund must have in place an effective assessment process for determining the literacy and numeracy needs of eligible learners, and provider support to ensure those learners progress in line with the guidelines provided by TEC.
34. The TEC must attach to funding a condition that a TEO that receives funding from the ELT ILN Fund must only allow a learner to re-enrol in a programme funded through the ELT ILN Fund if that enrolment will not exceed the maximum period specified in paragraph 20.

TEO responsibilities: Refugee English Fund

35. The TEC must attach to funding a condition that a TEO that receives funding from the Refugee English Fund must only allow a learner to re-enrol in a programme funded through the Refugee English Fund if that enrolment will not exceed the maximum period specified in paragraph 26.
36. The TEC must attach to funding a condition that an organisation that receives funding from the Refugee English Fund must provide wellbeing and learning support services that support the educational achievement of each learner.

Reporting withdrawals to Ministry of Social Development

37. The TEC must attach to funding a condition that a TEO that receives funding from the Refugee English Fund must report the withdrawal of learners to the Ministry of Social Development within five working days of each withdrawal. This is to enable student loans and student allowances to be cancelled as soon as possible.

Fees

38. The TEC must attach to funding a condition that the TEO must not charge a fee to a learner who is participating in an eligible programme for which a TEO receives funding under this funding mechanism.

Subcontracting

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

No other funding

40. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:
- a. not (without the TEC's prior written consent) seek or obtain funding from any Crown source (including a Crown entity or a company wholly owned by the Crown) other than the TEC to fund a programme or credential which is 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 subparagraph (a) of this condition.

Responsible use of funding

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

Recovery of funding

42. 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.

43. 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.

Repayment of funding following revocation of funding approval

44. The TEC must attach to funding a condition that if, in accordance with clause 16 of Schedule 18 of the Act, the TEC suspends or revokes some or all of a TEO's funding paid under this funding mechanism before that funding has been used or contractually committed towards the purposes for which that funding was provided, the TEO must treat the unexpended or uncommitted portion of the 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.

Made at Wellington on 27th day of August 2026

Hon Penny Simmonds
Minister for Tertiary Education

Explanatory note

This note is not part of the funding determination but is intended to indicate its general effect.

This funding determination, which comes into effect on 1 January 2027, is made by the Minister for Tertiary Education under section 419(1) of the Education and Training Act 2020 (the Act) for the purpose of funding tertiary education organisations. It substantially re-enacts the funding determination for 2026 but with amendments.

Under section 422 of the Act 2020, the Tertiary Education Commission must develop the details of how to implement the funding determination and implement the determination.

Consistency with principles of responsible regulation

The Ministry of Education provides the following documents relating to its review of this secondary legislation, and its process for developing it, for consistency with the principles of responsible regulation under the Regulatory Standards Act 2025:

- a consistency accountability statement for the funding determinations on 27 August 2026:
- a summary of underpinning analysis for the funding determinations on 27 August 2026:
- a consistency accountability statement for the fee regulation settings on 27 August 2026:
- a summary of underpinning analysis for the fee regulation settings on 27 August 2026.

Copies of these documents can be found at <https://www.education.govt.nz/our-work/information-releases/advice-seen-our-ministers/regulatory-analysis-summaries-and-consistency-accountability-statements>.

This is secondary legislation issued under the authority of the Legislation Act 2019.

Title	Determination of Design of Funding Mechanism: English Language Teaching
Principal or amendment	Amendment
Consolidated version	No
Empowering Act and provisions	Education and Training Act 2020 Section 419
Replacement empowering Act	Not applicable
Maker name	Minister for Tertiary Education
Administering agency	Tertiary Education Commission
Date	27 August 2026
Publication date	30 September 2026
Notification date	30 September 2026
Commencement date	1 January 2027
End date (when applicable)	Not applicable
Consolidation as at date	Not applicable
Related instruments	Not applicable