

**Tertiary Education
Commission**

Te Amorangi Mātauranga Matua



2025 Global Indicative Allocation Methodology

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The Tertiary Education Commission

Every effort is made to provide accurate and factual content. The TEC, however, cannot accept responsibility for any inadvertent errors or omissions that may occur.



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Funds included in this document

This document provides the allocation methodology and specifications for calculating the 2025 indicative funding allocations. It covers the funds listed below:

Foundation, Community and Youth Transition Funds

- › Adult and Community Education (Communities)
- › Adult and Community Education (Schools)
- › Adult and Community Education (TEIs) (including TELAC funding)
- › Delivery at Levels 1 and 2 on the New Zealand Qualifications and Credentials Framework (NZQCF) (including the Special Supplementary Grant)
- › Gateway
- › Intensive Literacy and Numeracy
- › English Language Teaching - Intensive Literacy and Numeracy
- › Refugee English - Intensive Literacy and Numeracy
- › TEO-led Workplace Literacy and Numeracy
- › Youth Guarantee (including Exceptional Travel, Wellbeing and Pathway Support Subsidy and Premium Payments)

Vocational Funds

- › Delivery at Levels 3–7 (non-degree) on the NZQCF and all industry training (DQ3-7)
- › Vocational Education and Training equity (Learner Component)
- › Strategic Component

Degree and Research Funds

- › Delivery on the NZQCF at Levels 7 (degree) and above Fund (DQ7+) (including Secondary Initial Teacher Education)
- › Equity Fund

Other funds included in this document that do not receive an **indicative** funding allocation for 2025:

- › Youth Guarantee Exceptional Travel, Premium Payments and Wellbeing and Pathways Support Subsidy (in Youth Guarantee section)
- › Medical Trainee Intern Grants
- › Māori and Pasifika Trades Training (MPTT), including:
 - MPTT Fees Top-Up
 - MPTT Brokerage Monthly
 - MPTT Brokerage Success
 - MPTT Consortium
- › Fees Free
- › Performance-Based Research Fund (PBRF)
- › Work-based: pathway to work mode

This document provides a summary of how we calculated your indicative allocation. For more details regarding your specific indicative allocation, please contact customerservice@tec.govt.nz or your Relationship Manager.

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How to use this document

The 2025 Global Indicative Allocation document is broken up into **fund category** and **fund** sections. The three fund categories that include indicative allocation methodology details are:

- › Foundation, Community and Youth Transition Funds,
- › Vocational Funds, and
- › Degree and Research Funds.

Each **fund** section contains the information needed to understand and calculate the 2025 indicative allocation amounts:

- › fund name and purpose
- › base methodology (or “starting point”)
- › methodology details: each methodology may have several additional contributing factors beyond the base methodology. These factors may include:
 - methodology components and inputs,
 - delivery data conversions,
 - data cut-offs,
 - assumptions,
 - performance adjustments,
 - approach to mergers,
 - funding rates,
 - exceptions, and
 - other details necessary to calculate the indicative allocations.
- › Information about how additional funding will work including what funds will be open for additional funding request applications and how to request additional funding in 2025.

The background of the slide is a solid blue color. Overlaid on this is a complex, abstract geometric pattern. It consists of numerous nested, concentric shapes that resemble stylized snowflakes or starbursts. These shapes are formed by a series of small, repeating triangles and arrowheads pointing outwards from a central point. The pattern is most prominent in the upper right and lower right areas, while the lower left area is partially obscured by a dark grey banner.

Foundation, Community and Youth Transition Funds

Foundation, Community and Youth Transition Funds

Funds included in this section:

- › Adult and Community Education:
 - Adult and Community Education (Communities)
 - Adult and Community Education (Schools)
 - Adult and Community Education (TEIs) (including TELAC funding)
- › Delivery at Levels 1 and 2 on the NZQCF:
 - Delivery at Levels 1 and 2 on the NZQCF
 - DQ1-2 Special Supplementary Grant (SSG) Fund)
- › Intensive Literacy and Numeracy (ILN) and English Language Teaching (ELT):
 - Intensive Literacy and Numeracy
 - English Language Teaching - Intensive Literacy and Numeracy
 - Refugee English - Intensive Literacy and Numeracy
 - Fund TEO-led Workplace Literacy and Numeracy
- › Youth Transition:
 - Gateway
 - Youth Guarantee, including Exceptional Travel, Wellbeing and Pathway Support Subsidy and Premium Payments

We have applied the same **indicative allocation methodology** for all the Foundation, Community and Youth Transition Funds (with additional manual TEO-specific adjustments considered on YG and DQ1-2 funding):

To calculate the basis of your 2025 indicative allocation for each of the Foundation, Community and Youth Transition Funds:

We have taken the lesser of: your 2024 current amended allocation, and your 2023 delivery uplifted to 2024 rates

Calculation, measurement, and adjustments

- › Use of 2024 current amended allocation and 2023 delivery:
 - If you delivered for the first time in 2023 or 2024, your 2025 indicative allocation is **rolled over** from your 2024 allocation.
 - If you delivered \$0 in 2023 (and were not delivering for the first time in 2023 or 2024), your 2025 indicative allocation is **\$0**.
- › All indicative calculations use prior allocations and actual delivery measured in dollars (\$) with all indicative calculation outputs measured in dollars (\$).
- › A reduction cap is applied whereby your indicative allocation will not be less than **85%** of your 2024 current amended allocation.

Note: The TEO-led Workplace Literacy and Numeracy (TEO-led WLN), LN Intensive Literacy and Numeracy, English Language Teaching (ELT) and Gateway funds are subject to a performance

adjustment, calculated at the end, **after** your base indicative allocation is calculated. See the 'Performance adjustment' sub-sections under each fund.

Note: Gateway and Refugee English ILN use **learner numbers** to calculate the indicative allocation methodology (not dollars).

Rates and uplifts

- › Your indicative allocation is reflective of the 2.5 percent rate increase for 2025 as announced by the Minister of Education.
- › All prior-year data is uplifted to current year rates for the purposes of calculating your indicative allocations.

In-year amendments

- › Any 2024 in-year amendments approved prior to Friday 24 May 2024 and additional funding approved in the 2024 Investment Round have been included in the calculation to inform your 2025 allocation.
- › When any 2024 in-year amendments are approved after Friday 24 May 2024, the Tertiary Education Commission (TEC) will advise whether the funding is being baselined, and therefore being added to the 2025 indicative allocation.

Approach for mergers

- › Te Pūkenga (including Work Based Learning) modelling will show an indicative allocation for a single organisation. Individual subsidiary information will not be available.
- › All private training establishment (PTE) mergers will have associated delivery and 2025 indicative allocations transferred to the remaining (or final) provider EDUMIS for 2025.

Determining final allocations and adjustments based on forecasts

- › The TEC actively monitors delivery volumes throughout the year, including forecasts based on SDR data, data submitted on Workspace 2 and prior delivery trends.
- › The TEC may adjust individual allocations on an exceptional basis where forecasts significantly differ from methodology outputs **and** prior delivery.

Additional Funding can be requested for all foundation, community, and youth funds.

- › For the funds that are open for Additional Funding Requests, an Additional Funding Request form will be made available on the TEC website. The form, information required for the request and the criteria that we will apply will be available from June 2024.

Adult and Community Education

ACE (Communities) funding

The purpose of the ACE (Communities) Fund is to purchase provision that provides adults with community-based education, foundation skills, and pathways into other learning opportunities that meet community learning needs.

ACE (Schools) funding

The purpose of the ACE (Schools) Fund is to purchase provision that provides adults with community-based education, foundation skills, and pathways into other learning opportunities that meet community learning needs provided by schools.

ACE in Te Pūkenga and Wānanga

The purpose of the ACE (in Te Pūkenga and Wānanga) Fund is to purchase provision that provides adults with community-based education foundation skills, and pathways into other learning opportunities that meet community learning needs provided by Te Pūkenga and wānanga.

ACE in Te Pūkenga and Wānanga funding supports:

- › the learning of foundational skills,
- › re-engagement of learners whose previous learning was not successful, and the progression of learners into formal tertiary education.

ACE in Tertiary Education Learning and Assessment Centre (TELAC)

This funding delivers advice to adults with low skills and qualifications on how tertiary education increases their opportunities, provides advice about all the different options available, and encourages them to make the most of these opportunities.

Note: No rate increase is applied to TELAC funding for 2025.

Delivery at Levels 1 and 2 on the NZQCF (DQ1-2) and Youth Guarantee Funds

Delivery at Levels 1 and 2 on the NZQCF Fund (DQ1-2) (excluding SSG)

The purpose of DQ1-2 funding:

- › This funding contributes to the provision of teaching and learning services for enrolled learners at tertiary education organisations (TEOs).
- › The objectives of foundation-level tertiary education (Levels 1 and 2 on the NZQCF are to:
 - provide people who do not already have essential foundation skills with access to a low-cost way to gain those skills; and
 - provide progression to higher-level study and skilled employment; and
 - build the literacy and numeracy skills of eligible learners; and
 - enable learners to learn English or te reo Māori; and
 - encourage TEOs that are best able to meet the needs of foundation education learners.

Note: Māori and Pasifika Trades Training (MPTT) is not included within the DQ1-2 allocations.

Further manual adjustments

In addition to the base methodology, we have made manual adjustments to allocations based on historic under-delivery, Repayment Plans and EPIs. These adjustments allow us to make reductions by more than 15% of your adjusted 2024 allocation for your 2025 indicative allocations across the DQ1-2 and YG funds. If you are subjected to any manual adjustment, you may have met one or more of the following:

- You have delivered less than 60% of your allocated funding in 2023.
- You have delivered less than 75% of your allocated funding in both 2022 and 2023.
- You have requested a Repayment Plan to repay your 2022 and/or 2023 debt.
- You have a history of low EPIs (course completions for DQ1-2), as identified through the 2024 investment round (your 2025 allocation may be based on the outcome of the investment round panel).

Note: If you delivered in DQ1-2 for the first time in 2023 or 2024, we have not undertaken a performance adjustment of your 2025 indicative allocation for these funds.

If you have received a 2025 indicative allocation of \$0 for DQ1-2, you will be able to submit an Additional Funding Request in the 2025 investment round.

Delivery on the NZQCF at Levels 1 and 2 - Special Supplementary Grant (DQ1-2 SSG)

The purpose of the DQ1-2 SSG Fund is to fund additional tutor support for inclusive education and teaching resources associated with the qualification delivery for students enrolled at a tertiary education organisation (TEO). Students must be studying towards a qualification listed on the New Zealand Qualifications and Credentials Framework (NZQCF) at Levels 1 and 2.

Youth Guarantee

The Purpose of Youth Guarantee funding is to provide fees-free tertiary study for:

- › Eligible domestic students aged 16 to 24 years (inclusive) who are studying towards either the National Certificate of Educational Achievement (NCEA) Level 1, 2 or 3 aligned to the Vocational Pathways, or another qualification at Level 1, 2 or 3 on the New Zealand Qualifications and Credentials Framework (NZQCF), which is intended to enable learners to progress to higher-level education or employment; and
- › Eligible domestic students aged 16 to 24 years (inclusive) who are studying towards a qualification at Level 3 on the NZQCF; places at Level 3 on the NZQCF are intended to be prioritised to learners who study towards Level 1 and 2 qualifications in Youth Guarantee and progress to Level 3 study during their entitlement of 2.5 equivalent full-time students (EFTS), and to learners who have no or low (Level 1) prior achievement before enrolling in Youth Guarantee.

Note: Your 2025 indicative allocation is **exclusive** of any **YG Premium, YG Wellbeing and Pathways Support subsidy** and **YG Exceptional Travel** funding.

Further manual adjustments

In addition to the base methodology, we have made manual adjustments to allocations based on historic under-delivery, Repayment Plans and EPIs. These adjustments allow us to make reductions by more than 15% of your adjusted 2024 allocation for your 2025 indicative allocations across the DQ1-2 and YG funds. If you are subjected to any manual adjustment, you may have met one or more of the following:

- You have delivered less than 60% of your allocated funding in 2023.
- You have delivered less than 75% of your allocated funding in both 2022 and 2023.
- You have requested a Repayment Plan to repay your 2022 and/or 2023 debt.
- You have a history of low EPIs (course completions for Youth Guarantee), as identified through the 2024 investment round (your 2025 allocation may be based on the outcome of the investment round panel).

Note: If you delivered in Youth Guarantee for the first time in 2023 or 2024, we have not undertaken a performance adjustment of your 2025 indicative allocation for these funds.

If you have received a 2025 indicative allocation of \$0 for YG, you will be able to submit an Additional Funding Request in the 2025 investment round.

YG Premium

Your 2025 **final** allocation will include the YG Premium payment, after we provision the Mix of Provision (MoP) and understand how many Level 1 and 2 learners will be expected in 2025.

The Youth Guarantee Premium allocation funds qualifications at Level 1 and 2 at 50 percent above the standard Youth Guarantee rates. The allocation adjusts the overall Youth Guarantee funding you receive so that you are fully funded for 1 EFTS for every 80 credits delivered at Level 1 and 2.

We will allocate the YG Premium based on your Level 1 and 2 commitments in your 2025 MoP file. We will calculate your final delivery (including the premium relating to actual delivery at Levels 1 and 2) against your total YG allocation including the premium and recovery if you were overpaid.

Significant Plan changes during the year may affect the amount of Level 1 and 2 premium needed, for example if we have agreed a change in the total allocated, or there is a change in the distribution of your commitments within the allocation. If necessary, we will recalculate and adjust your premium allocation.

YG Exceptional Travel

Any YG Exceptional Travel will be calculated after the Single Data Returns (SDR) within 2025.

Exceptional Circumstances Transport Assistance (ECTA) funding is to provide additional transport assistance to students who live in relatively isolated areas who may have higher transport needs. ECTA funding is based on EFTS delivered, and the rural isolation of the site where the delivery took place. The rural isolation of TEOs' delivery sites is classified using a system developed by Statistics New Zealand.

YG Wellbeing and Pathways Support Subsidy

Your 2025 **final** allocation will include the YG Wellbeing and Pathways Support Subsidy, which will be calculated based on approved commitments in your 2025 Mix of Provision.

The formulaic calculation is as follows: [Sum of Level 1 and 2 Funded EFTS x 1.5 x Funding rate] + [Sum of Level 3 Funded EFTS x Funding rate]

Gateway

The purpose of the Gateway Fund is to enable secondary schools to give senior students access to structured workplace learning integrated with school-based learning. Students' learning is assessed in the workplace, and they can achieve credits on the New Zealand Qualifications and Credentials Framework (NZQCF) towards their National Certificate of Educational Achievement (NCEA).

Note:

- › Gateway uses **learner numbers** rather than dollars to match the cohort-based funding rate.
 - We look at your **learners delivered** in 2023, and
 - **Learners allocated** in 2024.
- › Where the reduction cap is applied (whereby your indicative allocation will not be less than 85% of your 2024 equivalent allocated learners (rounded up to the nearest whole learner)), we have rounded your learner count up to the nearest whole learner.
- › The Gateway establishment funding is not included in the 2025 indicative allocation (as these are one-off payments).

Rate Sliding Scale

You can use the 2025 Fund Rate Sliding Scale to understand the number of places your indicative allocation dollar value relates to. This is available on the [Funding and Payments](#) page on the TEC website.

Performance adjustment

In addition to the base methodology, we make a performance adjustment. The performance adjustment applies if your average credit achievement per learner is less than 10 credits. Where you meet this performance adjustment threshold, your 2025 indicative allocation will be reduced by a **25 percent** reduction in the learner count, rounded up to the nearest whole learner. This ensures alignment in your allocation to the Fund Rate Sliding Scale after the performance adjustment.

Note the average credit achievement per learner is dependent on validation (and alignment of NSNs) reported between the actuals report and the unit standard report, i.e. where an NSN is not reported in the actuals report but is reported in the unit standard report, it will not be validated and decrease the average credit achievement value.

A learner who withdraws from a Gateway programme after 1 month's enrolment will be excluded from your average credit per learner calculation as a result of this change, we will likely make fewer reductions to each school's future allocation based on average credit achievement per learner calculations.

Literacy and Numeracy (LN) and English Language Teaching (ELT)

TEO-led Workplace Literacy and Numeracy (WLN)

The Purposes of the WLN Fund are to:

- › increase the literacy and numeracy skills of employees; and
- › contribute to workplace productivity through the provision of literacy and numeracy learning in a workplace context.

Performance adjustment

In addition to the base methodology, we make a performance adjustment. The performance adjustment applies if 40 percent or more of your 2023 enrolled learners received less than 25 hours of literacy, numeracy, or literacy and numeracy tuition. Where you meet this performance adjustment threshold, your 2025 indicative allocation will be reduced by **5 percent**.

If you provided TEO-led Workplace Literacy and Numeracy for the first time in 2023 or 2024, we have not undertaken a performance adjustment of your 2025 indicative allocation for TEO-led Workplace Literacy and Numeracy.

Intensive Literacy and Numeracy (ILN)

The purpose of the ILN Fund is to fund TEOs for the intensive provision of high-quality literacy and numeracy learning opportunities within an appropriately structured environment.

The ILN Fund supports the intensive provision of high quality, fees-free literacy and numeracy learning opportunities for learners with low-level literacy and numeracy skills.

We fund intensive literacy and numeracy provision to:

- › raise adults' literacy and numeracy skills; and
- › increase opportunities for adults to engage in literacy and numeracy learning, particularly for those in low-skilled employment; and
- › improve the quality and relevance of provision, including the ability to identify learner need and learning gain.

Performance adjustment

In addition to the base methodology, we make a performance adjustment. The performance adjustment applies if 40 percent or more of your 2023 enrolled learners received less than 80 hours of literacy, numeracy, or literacy and numeracy tuition. Where you meet this performance adjustment threshold, your 2025 indicative allocation will be reduced by **5 percent**.

If you provided LN for the first time in 2023 or 2024, we have not undertaken a performance adjustment of your 2025 indicative allocation for LN.

English Language Teaching (ELT) - Intensive Literacy and Numeracy

The ELT-ILN Fund supports the intensive provision of high quality, fees-free ELT literacy and numeracy learning opportunities, to help adult learners gain the literacy and numeracy skills needed to progress to further study or the workplace.

We fund specialised ELT provision to:

- › increase opportunities for adults to engage in literacy and numeracy learning, particularly migrants and refugees; and
- › raise adults' literacy and numeracy skills to help learners progress onto further study and employment; and
- › fund the intensive provision of ELT learning opportunities within an appropriately structured environment.

The ELT Intensive Literacy and Numeracy funding is a top up to the provider-based delivery.

Performance adjustment

In addition to the base methodology, we make a performance adjustment. The performance adjustment applies if 40 percent or more of your 2023 enrolled learners received less than 20 hours of literacy, numeracy, or literacy and numeracy tuition. Where you meet this performance adjustment threshold, your 2025 indicative allocation will be reduced by **5 percent**.

If you provided ESOL for the first time in 2023 or 2024, we have not undertaken a performance adjustment of your 2025 indicative allocation.

Refugee English – Intensive Literacy and Numeracy

Refugee English - Intensive Literacy and Numeracy Fund supports refugees to reach a level of English that will allow them to enter employment or undertake their choice of vocational or degree-level education.

The purpose of Specialised ELT funds is to:

- › increase opportunities for adults to engage in literacy and numeracy learning, particularly migrants and refugees; and
- › raise adults' literacy and numeracy skills to help learners progress onto further study and employment; and
- › support those with a refugee background, or other special circumstances related to their transition to residence in New Zealand, to reach a level of English that will allow them to enter employment or undertake their choice of vocational or degree-level education, by providing fees-free access to ELT programmes at Level 3 or above on the New Zealand Qualifications and Credentials Framework (NZQCF), leading to an ELT qualification.

Programmes funded through the Refugee English - ILN must be delivered fees-free and lead to a recognised ELT qualification at Level 3 or above on the New Zealand Qualifications and Credentials Framework (NZQCF).

Note: The Refugee English - ILN indicative allocation has been calculated using the prior year allocation and delivery volumes by **learner counts** (as opposed to the value of delivery).



Vocational Funds

Vocational Funds

Funds included in this section:

- › Delivery at Levels 3–7 (non-degree) on the NZQCF and all industry training Fund
- › Vocational Education and Training Learner Component
- › Strategic Component Fund

Delivery at Levels 3–7 (non-degree) on the New Zealand Qualifications and Credentials Framework and all industry training Fund (DQ3-7 (non-degree))

DQ3-7 funding rates have been designed to enable and encourage providers to grow work-integrated learning pathways which meet learner, employer, and community needs. Differentiating funding by mode of delivery also allows recognition of the different cost structure of those activities.

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 is allocated for all education and training at DQ3-7 (non-degree) and all industry training based on the subject, how delivery occurs (mode of delivery), and the amount of learning (common across all modes).

To calculate the basis of your 2025 indicative allocation for the DQ3-7 Fund:

Funding will be allocated for all education and training at DQ 3–7 (non-degree) and industry training based on the subject, how delivery occurs (mode of delivery), and the amount of learning (common across all modes).

We have taken the lesser of: your 2024 current amended allocation, and your 2023 delivery uplifted to 2024 rates

Calculation, measurement, and adjustments

- › Use of 2024 current amended allocation and 2023 delivery:
 - If you delivered for the first time in 2023 or 2024, your 2025 indicative allocation is **rolled over** from your 2024 allocation.
 - If you delivered \$0 in 2023 (and were not delivering for the first time in 2023 or 2024), your 2025 indicative allocation is **\$0**.
- › All indicative calculations use prior allocations and actual delivery measured in dollars (\$) with all indicative calculation outputs measured in dollars (\$).
- › All delivery figures are net of offsets.
- › A reduction cap is applied whereby your indicative allocation will not be less than **85%** of your 2024 current amended allocation.
- › If you receive both provider-based and work-based funding, your allocations and delivery are aggregated to calculate your DQ3-7 indicative allocation. Your DQ3-7 allocation is then split

back into the provider-based and work-based categories based on your proportion (%) of delivery between the two in 2023. A revised split between provider-based and work-based categories can be discussed with your Relationship Manager.

- › We have applied a calculation that reduces the 2023 work-based delivery by the 2023 Pathway-to-work delivery. This amount is excluded (or reversed) from the base DQ3-7 model calculation to remove the reported pathway-to-work delivery as it is allocated separately throughout the year based on the actuals report.

Rates and uplifts

- › Your indicative allocation is reflective of the 2.5 percent rate increase for 2025 as announced by the Minister of Education.
- › All prior-year data is uplifted to current year rates for the purposes of calculating your indicative allocations.

In-year amendments

- › Any 2024 in-year amendments approved prior to Friday 24 May 2024 and additional funding approved in the 2024 Investment Round have been included in the calculation to inform your 2025 allocation.
- › When any 2024 in-year amendments are approved after Friday 24 May 2024, the Tertiary Education Commission (TEC) will advise whether the funding is being baselined, and therefore being added to the 2025 indicative allocation.

Approach for mergers

- › Te Pūkenga (including Work Based Learning) modelling will show an indicative allocation for a single organisation. Individual subsidiary information will not be available.
- › All private training establishment (PTE) mergers will have associated delivery and 2025 indicative allocations transferred to the remaining (or final) provider EDUMIS for 2025.

Determining final allocations and adjustments based on forecasts

- › The TEC actively monitors delivery volumes throughout the year, including forecasts based on SDR data, data submitted on Workspace 2 and prior delivery trends.
- › The TEC may adjust individual allocations on an exceptional basis where forecasts significantly differ from methodology outputs **and** prior delivery.

Additional Funding for Vocational Education and Training and DQ7+ will be targeted by the TEC and will not be available to be applied for.

Criteria for additional funding

Our initial criteria for identifying TEOs was the following:

- › Identify Providers who are forecast to deliver above the TECs forecast including flexible funding (2% or 10 EFTS)
- › Identify whether the provider delivers in one of TECs published priority areas as per the [Plan Guidance documentation](#).
- › Identify whether the TEOs EER Rating is not a category 3 or 4 and consider the Investment Round panel outcomes of any additional funding requests in 2025.
- › Identify if a TEO delivers both priority and non-priority provision - Look at SDR and ITR enrolment data to identify where the growth in delivery has occurred.
- › For the TEOs we wished to target, our approach is to fund TEC forecast over-delivery above forecast flexible funding.

Further manual adjustments

In addition to the base methodology, we have made manual adjustments to allocations based on historic under-delivery, Repayment Plans and EPIs. These adjustments allow us to make reductions by more than 15% of your adjusted 2024 allocation for your 2025 indicative allocations. If you are subjected to any manual adjustment, you may have met one or more of the following:

- You are forecasted to under-deliver in 2024.
- Your level of forecasted under delivery in 2024 (when uplifted to 2025 rates and) compared to your base 2025 indicative allocation output is large (i.e. greater than 10% of your allocation or \$100k more than your allocation).
- You have a history of low EPIs, as identified through the 2024 investment round (your 2025 allocation may be based on the outcome of the investment round panel).

Note: If you delivered in DQ3-7 for the first time in 2023 or 2024, we have not undertaken a performance adjustment of your 2025 indicative allocation for these funds.

If you have received a 2025 indicative allocation of \$0 for DQ3-7, you will be able to submit an Additional Funding Request in the 2025 investment round.

Subject

There will be six subject-rate groupings that apply to both provider-based and work-based learning and recognise the different cost structures that come with different types of delivery:

- › 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 Māori and tikanga.

Mode of delivery

There will be five modes of delivery that reflect where and how a learner is receiving learning. A programme can be made up of one or more modes. This is to allow learners and employers to access learning opportunities in the way that is best for them and to move seamlessly between modes of learning. The five modes are:

- › **Provider-based** – Learner is enrolled with provider with delivery at a provider site, eg, campus or other New Zealand Qualifications Authority (NZQA)- and TEC-approved delivery site and undertaking teaching and learning activities, such as lectures and tutorials, with added supported self-directed learning.
- › **Provider-based: extramural** – Learner is enrolled with provider with learning occurring away from a provider site (and not in the workplace).
- › **Work-based: pathway to work** – Learner is enrolled with provider and delivery has transitioned from either provider-based mode or provider-based: extramural mode to work-based learning with the same provider. Learning is provided in partnership between the provider and employer.
- › **Work-based** – Learner is an employee, contractor or volunteer, is enrolled with a provider and acquires skills in their workplace. Learning is typically work-based with supported self-directed learning.
- › **Assessment and verification** – Learner is already employed with skills acquisition and training occurring in their workplace. Learner undertakes in-house learning to complete training towards a Level 3–7 (non-degree) credential that is delivered by their employer.

Variation for aviation (DQ3-7 (non-degree)) provision

The total cap on all aviation provision is 450 EFTS across the sector (both Level 3 to 7 (non-degree) and Level 7 (degree) and above).

Massey University receives an annual aviation allocation of 126 EFTS for delivery at Level 7 (degree) and above.

There are 324 EFTS to be delivered at Levels 3 to 7 (non-degree) within the DQ3-7. The UFS provision of the aviation methodology is calculated as a subset of the DQ3-7 indicative allocation.

Your 2024 approved aviation allocation (as at Friday 24 May 2024) will be multiplied by rate per the Pilot Training and Priority (F4) funding category to calculate your 2025 indicative allocation.

Providers receiving a DQ3-7 aviation allocation	
EDUMIS	Tertiary education organisation
7123	North Shore Helicopter Training Limited
7256	Southern Wings Limited
7413	Waikato Aero Club Incorporated
7826	Wanaka Helicopters Limited
8026	Air Hawkes Bay Limited
8031	Christchurch Helicopters 2001 Limited
8074	New Zealand International Commercial Pilot Academy Limited

8589	International Aviation Academy of NZ Ltd
8595	Nelson Aviation College Limited
8638	Ardmore Flying School Limited

Vocational Education and Training Learner Component

The purpose of the learner component is to support tertiary education organisations (TEOs) to put learners at the centre of their organisation and to improve outcomes for learners by:

- › Supporting all learners, particularly those learners who have traditionally been underserved by the education system; and
- › Recognising that there are higher costs involved in adapting education delivery and supporting to meet learners' unique needs.

The learner component is intended to support TEOs to improve outcomes for learners. It is targeted at supporting all learners, particularly those who traditionally have not been well served by the education system. These priority learner groups are:

- › learners with low prior achievement (LPA)
- › disabled learners
- › Māori learners
- › Pacific learners.

These priority groups serve as a proxy for learners who need additional support to be successful in vocational education and training (VET) by providing a straightforward way to allocate funding across the VET system. Learner component funding is not intended to only be used for learners in these four groups. Instead, TEOs are expected to identify the unique needs of all their learners, make decisions about how to support them, and allocate this funding accordingly.

How we calculate your indicative allocation

Learner component funding will be calculated based on the **enrolments of the four priority groups of learners**. It will apply to learners in all modes of delivery (of the DQ3-7 (non-degree)) apart from assessment and verification.

Your 2023 actual delivery EFTS (equivalent full-time students) is used to determine the number of learners in each learner component group. Your 2024 Mix of Provision for delivery at Levels 3 to 7 (non-degree) has been used to determine your eligible modes of delivery for the learner component. The number of EFTS will be multiplied by associated rate for each eligible group to calculate your 2025 indicative allocation.

Starting point

- › To be eligible to receive learner component a TEO must receive DQ3-7 funding in 2025.
- › Allocations for Te Pūkenga will be based on the 2023 data for it.
- › An indicative funding allocation may be made to a TEO that later transfers delivery to a transitional or other TEO. In that case, we will engage with the new TEO to transfer and adjust the allocation.

Learner component priority group learners

We will use your 2023 UFS eligible SDR enrolment data and Industry Training Register (ITR) enrolment data to determine the number of equivalent full-time learners (EFTS) that are consumed by priority group learners, by level of the qualification.

The indicative allocation funding calculation for priority group learners will depend on:

- › the learner's ethnicity;
- › the New Zealand Qualifications and Credentials Framework (NZQCF) qualification levels the learner is enrolled in in 2023;
- › the volume of UFS eligible enrolment EFTS delivered in 2023; and
- › that the mode of delivery is not assessment and verification mode.

Assessment and verification (A&V) percentage calculation

A&V provision is not valid proxies for the learner component.

Data: from SDR MoPs and ITR MoPs as at 15 May 2024.

- › Te Pūkenga – 6683:

A&V %

$$= \frac{(\text{Total STMs in A\&V mode in ITR MoPs of the subsidiaries of Te Pūkenga})}{(\text{Total Funded EFTS in SDR MoPs and STMs ITR MoPs of the subsidiaries of Te Pūkenga})}$$

- › Other TEOs:

$$\text{A\&V \%} = \frac{(\text{Total STMs in A\&V mode})}{(\text{Total STMs in ITR MoP})}$$

Learner component is then reduced by the A&V percentage. TEC will have discretion to review the learner component in 2025 after having the full dataset of the 2024 year.

Single top-ups

- › A single top-up is payable in relation to learner records identifying as both Māori and Pacific.
- › A single top-up is payable in relation to learner records identifying as both LPA and disabled.

Performance element of learner component

A performance element is calculated by top slicing 20% of the learner component calculation.

A 'performance' element of the learner component is 20 percent of your allocation of the four priority learner groups: Māori learners, Pacific learners, learners with low prior achievement and disabled learners.

Further information will be released later in 2024 confirming any implications or requirements of the learner component performance element.

Approach for TEOs for which there is no 2023 data available for these calculations

- › For funded providers who deliver for the first time in 2025, we will use the 2025 April SDR/ITR submission to calculate the 2025 learner component, then calculate the final allocation following the 2025 December SDR/ITR submission.

- › For funded providers that delivered for the first time in 2024 and for funded providers that delivered for the first time in 2023 and had zero delivery, we will use the 2024 April SDR/ITR submission to calculate the 2025 learner component.
- › If there is no SDR and/or ITR submitted, a provider will not receive a learner component allocation.

Strategic Component Fund

We will provide updates on the allocation process for this Fund on our website by October 2024.

The background of the slide is a solid blue color. Overlaid on this is a complex, abstract geometric pattern. It consists of numerous nested, concentric shapes that resemble stylized snowflakes or starbursts. These shapes are formed by a series of small, repeating triangles and arrowheads pointing outwards from a central point. The pattern is most prominent in the upper right and lower right areas, with some fainter, larger-scale versions of the same motif scattered across the blue field.

Degree and Research Funds

Degree and Research Funds

Funds included in this section:

- › Delivery at Levels 7 (degree) and above on the NZQCF Fund (DQ7+) (including Secondary Initial Teacher Education)
- › Equity Fund

Delivery at Levels 7 (degree) and above on the NZQCF Fund (DQ7+)

Funding from the Delivery at Levels 7 (degree) and above on the New Zealand Qualifications and Credentials Framework Fund contributes towards the provision of teaching and learning services for enrolled learners at tertiary education organisations (TEOs).

To calculate the basis of your 2025 indicative allocation for the DQ3-7 Fund:

The DQ7+ funding indicative allocation will be calculated using your prior delivery and prior allocation information.

We have taken the lesser of: your 2024 current amended allocation, and your 2023 delivery uplifted to 2024 rates

Calculation, measurement, and adjustments

- › Use of 2024 current amended allocation and 2023 delivery:
 - If you delivered for the first time in 2023 or 2024, your 2025 indicative allocation is **rolled over** from your 2024 allocation.
 - If you delivered \$0 in 2023 (and were not delivering for the first time in 2023 or 2024), your 2025 indicative allocation is **\$0**.
- › All indicative calculations use prior allocations and actual delivery measured in dollars (\$) with all indicative calculation outputs measured in dollars (\$).
- › All delivery figures are net of offsets (inclusive of the dentistry provision cap, certificate of university preparation cap, early withdrawal of enrolment offsets,¹ and other provision caps).
- › A reduction cap is applied whereby your indicative allocation will not be less than **85%** of your 2024 current amended allocation.

Rates and uplifts

- › Your indicative allocation is reflective of the 2.5 percent rate increase for 2025 as announced by the Minister of Education.
- › All prior-year data is uplifted to current year rates for the purposes of calculating your indicative allocations.

In-year amendments

- › Any 2024 in-year amendments approved prior to Friday 24 May 2024 and additional funding approved in the 2024 Investment Round have been included in the calculation to inform your 2025 allocation.

¹ Where students had not completed 10 percent or one month of the course, whichever was the earlier.

- › When any 2024 in-year amendments are approved after Friday 24 May 2024, the Tertiary Education Commission (TEC) will advise whether the funding is being baselined, and therefore being added to the 2025 indicative allocation.

Approach for mergers

- › Te Pūkenga (including Work Based Learning) modelling will show an indicative allocation for a single organisation. Individual subsidiary information will not be available.
- › All private training establishment (PTE) mergers will have associated delivery and 2025 indicative allocations transferred to the remaining (or final) provider EDUMIS for 2025.

Determining final allocations and adjustments based on forecasts

- › The TEC actively monitors delivery volumes throughout the year, including forecasts based on SDR data, data submitted on Workspace 2 and prior delivery trends.
- › The TEC may adjust individual allocations on an exceptional basis where forecasts significantly differ from methodology outputs **and** prior delivery.

Determining final allocations and adjustments based on forecasts

- › The TEC actively monitors delivery volumes throughout the year, including forecasts based on SDR data and prior delivery trends.

To determine your final 2025 allocation and Plan approval (where you are Plan-required), we will consider the following information in our assessment and/or engagements with you:

- › your Investment Plan and related documents (as relevant),
- › your Learner Success Plans and Disability Action Plans (as relevant)
- › your Education Performance Indicator data (refer Investment briefs), and
- › your year-to-date 2024 delivery as recorded in your August 2024 SDR.

Additional Funding for Vocational Education and Training and DQ7+ will be targeted by the TEC and will not be available to be applied for.

Criteria for additional funding

Our initial criteria for identifying TEOs was the following:

- › Identify Providers who are forecast to deliver above the TECs forecast including flexible funding (2% or 10EFTS)
- › Identify whether the provider delivers in one of TECs published priority areas as per the [Plan Guidance documentation](#).
- › Identify whether the TEOs EER Rating is not a category 3 or 4, and consider the Investment Round panel outcomes of any additional funding requests in 2025.
- › Identify if a TEO delivers both priority and non-priority provision - Look at SDR and ITR enrolment data to identify where the growth in delivery has occurred.
- › For the TEOs we wished to target, our approach is to fund TEC forecast over-delivery above forecast flexible funding.

Further manual adjustments

In addition to the base methodology, we have made manual adjustments to allocations based on historic under-delivery, Repayment Plans and EPIs. These adjustments allow us to make reductions by more than 15% of your adjusted 2024 allocation for your 2025 indicative allocations. If you are subjected to any manual adjustment, you may have met one or more of the following:

- You are forecasted to under-deliver in 2024.
- Your level of forecasted under delivery in 2024 (when uplifted to 2025 rates and) compared to your base 2025 indicative allocation output is large (i.e. greater than 10% of your allocation or \$100k more than your allocation).
- You have a history of low EPIs, as identified through the 2024 investment round (your 2025 allocation may be based on the outcome of the investment round panel).

Note: If you delivered in DQ7+ for the first time in 2023 or 2024, we have not undertaken a performance adjustment of your 2025 indicative allocation for these funds.

If you have received a 2025 indicative allocation of \$0 for DQ7+, you will be able to submit an Additional Funding Request in the 2025 investment round.

Aviation funded as a subset of the broader DQ7+ allocation

The total cap on the aviation provision is 450 EFTS across the sector (both DQ3-7 and DQ7+). Massey University (7003) receives an annual aviation allocation of 126 EFTS. This comprises:

- 93 EFTS funded at **M2 funding rate** (pilot training)
- 33 EFTS funded at **A2/J2 funding rate** (non-pilot training).

126 EFTS will be used to calculate Massey University's 2025 indicative allocation of capped aviation EFTS within the DQ7+ fund.

This allocation will be a subset of the DQ7+ Fund allocation.

Note: The remaining aviation EFTS can be found in the Delivery component section of this document.

Secondary Initial Teacher Education (ITE)

Secondary ITE is funded from the DQ7+ funding and aims to:

- › help ensure New Zealand has a high quality, diverse and sustainable teaching workforce that makes a positive difference for all our tamariki and rangatahi, and
- › achieve positive career outcomes for graduates.

How we calculate your indicative allocation

The Secondary ITE funding indicative allocation will be calculated using your 2023 actual delivery for Secondary ITE.

Your 2023 actual delivery will be used to calculate your 2025 indicative allocation for Secondary ITE.

Additional indicative allocation methodology factors

- › The value of your actual delivery in 2023 has first been restated based on the 2024 funding rates.
- › Your 2023 actual delivery is based on your delivery in either:
 - Course Classification 20, for TEIs, or
 - specific qualifications as listed below, for PTEs.
- › Your indicative allocation is reflective of the 2.5 percent rate increase for 2025 as announced by the Minister.
- › Your Secondary ITE indicative allocation is calculated as a subset of your DQ7+ funding allocation.
- › Further details on the approved Secondary ITE qualifications are listed on the Teaching Council of Aotearoa New Zealand's website [here](#).

Note for 2025 final allocation for Secondary ITE

TEOs will submit their 2025 Mix of Provision documents to TEC, which will include the estimated 2025 Secondary ITE-eligible value of delivery. We will use this information to calculate and adjust the 2025 final allocation for the Secondary ITE provision within the DQ7+ fund.

We will assess the 2025 Mix of Provision document and the proposed amount of Secondary ITE provision against prior allocations and Secondary ITE historic delivery trends to ensure proposed Secondary ITE delivery is reasonable.

Note: Secondary ITE is only a **DQ7+ provision** – any 2023 actual delivery coded to DQ3-7 (non-degree) funding is not included in the Secondary ITE indicative allocation.

Equity Fund

The purpose of Equity Fund Funding for Māori and Pacific learners is to improve participation in, and achievement at, the higher levels of the tertiary education system (DQ7+)

The purpose of Equity Fund Funding for disabled learners is to improve participation in tertiary education and achievement of Qualifications. Equity funding is a “top-up” to DQ1-2 and DQ7+ funding – to help cover the costs of providing extra support for these learners. It is not intended to be the sole or primary source of funding; it should supplement other investments to ensure the success of all learners.

There are two elements of Equity funding:

- › Māori and Pacific; and
- › tertiary students with disabilities.

How we calculate your indicative allocation

The 2025 indicative allocation for Equity Funding is based on your 2023 delivery.

Your actual 2023 delivery is used to calculate your 2025 indicative allocation.

- › For the **tertiary students with disabilities** component:
 - Total 2023 actual EFTS in provision at Levels 1 and 2, and at Level 7 degree and above.
 - TEIs (universities, wānanga and Te Pūkenga) are eligible for this funding.
- › For the **Māori and Pacific** component:
 - All 2023 Māori and Pacific EFTS NZQCF Level 7 degree and above.
 - All TEOs except transitional ITOs are eligible for this funding.

TEOs do not need to provide any additional information to TEC to receive Equity funding. TEOs should complete and submit their SDRs or ITR as usual.

We do expect TEOs to:

- › actively consider how they will use this funding to support their learners;
- › include these plans in their normal Investment Plan round documentation, including Learner Success Plans and Disability Action Plans; and
- › be prepared to discuss their approach with their Relationship Manager or a Relationship Advisor.

Please note: if a provider receives a proposed zero allocation for their DQ7+ funding then we will automatically ring-fence their Equity funding until the final 2025 allocations are approved. Providers will not be eligible to receive Equity funding if they receive a final zero allocation for the DQ7+ funding.



Other funds that do not receive an
indicative allocation for 2025

Other funds that do not receive an indicative allocation for 2025

Māori and Pasifika Trades Training (MPTT)

The purpose of MPTT funding is to increase access for Māori and Pasifika learners to vocational and pre-employment training. This enables these learners to develop skills for sustainable employment and achieve better employment outcomes. MPTT funding is paid to organisations that are part of an approved consortium.

How we will calculate your allocation

Note: No indicative allocations will be made for the Māori and Pasifika Trades Training funding. MPTT funding for 2025 will be confirmed when the plan assessment process is completed (for MPTT Fees Top-Up and MPTT Brokerage Monthly) and on actual 2024 delivery (for MPTT Brokerage Success and MPTT Consortium).

MPTT Fees Top-Up

The TEC will assess your consortium plans. We will allocate the appropriate rate per EFTS per consortium based on the plan assessments. The allocation of MPTT Fees Top-Up will be based on a mixture of quantitative and qualitative criteria through the assessment of your plans and success targets.

Your MPTT Fees Top-Up final allocation will be based on the outcome of your consortium plan assessment.

MPTT Brokerage Monthly

The TEC will assess your consortium plans. We will allocate the appropriate rate per learner per consortium based on the plan assessments. The MPTT Brokerage Monthly funding is paid in monthly instalments based on the number of learners allocated by the consortium to a TEO.

Your MPTT Brokerage Monthly final allocation will be based on the outcome of your consortium plan assessment.

This Brokerage Success and Brokerage Monthly rates are subject to change in 2025 and will impact the final funding amounts paid for MPTT Brokerage in 2025.

MPTT Brokerage Success

The MPTT Brokerage funding is a success component that is paid where learners successfully go into pre-trade training, employment, or further education.

Your MPTT Brokerage Success final allocation will be based on your actual delivery.

The Brokerage Success and Brokerage Monthly rates applied for 2024 learner components and delivery is subject to change in 2025 and will impact the final funding amounts paid for MPTT Brokerage in 2025.

MPTT Consortium

Your MPTT Consortium final allocation will be based on your Consortium plan.

Your prior delivery will be considered for the allocation of MPTT Consortium funding. Final allocations will then be amended based on the plan assessments.

Fees Free

The purpose of the first-year Fees Free tertiary education scheme is to assist in making tertiary education more affordable and accessible by funding one year of Fees Free provider-based education or two years of work-based learning for eligible learners.

The first-year Fees Free scheme is ending for new learners on 31 December 2024. However, first-year Fees Free will continue to operate until 31 December 2025 under transition settings to allow some learners to access remaining entitlement.

[Find out more about the end of the first-year Fees Free scheme](#)

How we will calculate your allocation

All TEOs will receive a zero-dollar Fees Free indicative allocation for 2025.

TEC will monitor Fees Free actuals reported in the monthly Fees Free returns. We will make monthly payments to TEOs through 2025 based on validated delivery for learners that are eligible for first-year Fees Free in 2025 under transition settings

Medical Trainee Intern Grant

The purpose of the Medical Trainee Intern Grant is to provide a stipend for medical students working as interns in their sixth year of study.

The Medical Trainee Intern Grant (the Grant) provides a stipend of \$26,756 (GST exempt) per eligible EFTS (note this is the latest rate, subject to change) for medical students working as interns in their sixth year of study. The TEC allocates the Medical Trainee Intern Grant in response to annual applications from eligible tertiary education institutions. The University of Auckland and the University of Otago are eligible to receive the funding.

When will the allocation be determined?

Medical Trainee Intern Grant funding for 2025 will be confirmed in August 2024 when the estimated eligible EFTS for 2025 are shared with the TEC.

How we will calculate your allocation

Your determined EFTS of eligible students is multiplied by the 2025 Medical Trainee Intern Grant rate.

TEOs will submit to TEC their estimated number of eligible graduate-entry (lump sum payment) and non-graduate entry (monthly payment) Medical Trainee Intern Grant students for 2025 in 2024. The total eligible graduate-entry and non-graduate entry students determines the total number of students funded for 2025. This will inform the final Medical Trainee Intern Grant allocation for 2025.

Funding is calculated by the determined EFTS of eligible students x \$26,756.

The cohort of EFTS from Otago University runs from December 2024 to November 2025. One-twelfth of the Otago University 2025 EFTS are paid in December 2024 and the remainder of the EFTS are paid out from January to November 2025.

TEC pays the Medical Trainee Intern Grants to the universities, which then pass the funding directly to eligible sixth-year medical interns either as a lump sum to graduate-entry students or as twelve equal monthly payments to non-graduate entry students.

Where the number of EFTS is overestimated, the TEC will recover the overestimated value in 2025, and where the number of EFTS is underestimated, the TEC will pay the underestimated value in 2025.

We use this information to model the agreement between the TEC and the eligible TEOs.

Performance-Based Research Fund

The purpose of the Performance-Based Research Fund (PBRF) is to ensure that excellent research in the tertiary education sector is encouraged and rewarded. This means assessing the research performance of tertiary education organisations (TEOs) and then funding them on the basis of their performance.

How we will calculate your allocation

Your prior performance information was used to calculate your 2025 indicative allocation.

Starting point

The PBRF is a mixed performance-assessment regime that employs both peer review processes and performance measures.

We calculate PBRF allocations based on the performance of eligible TEOs in:

- › a periodic **Quality Evaluation**
- › the number of eligible **Research Degree Completions**
- › the value of **External Research Income**.

Quality Evaluation

This is a periodic assessment of the research performance of eligible TEO staff, undertaken by expert peer review panels. This component makes up 55 percent of the fund.

The funding allocation is based on the award of funded Quality Categories and subject area weighting of Evidence Portfolios submitted by TEOs. It is calculated relative to:

- › the funded Quality Category assigned to Evidence Portfolios (EPs) – eg, A, B, C or C (NE)
- › the full-time equivalency status of the participating TEO's PBRF-eligible staff member as recorded in the PBRF Staff Data File; and
- › the weighting for the subject area to which EPs have been assigned.

Formula for Quality Evaluation funding

$\Sigma \text{ TEO [(numerical Quality Category weighting) } \times \text{ (FTE status of staff member) } \times \text{ (funding weighting for relevant subject area)]}$

÷

$\Sigma \text{ all TEOs [(numerical Quality Category weighting) } \times \text{ (FTE status of staff member) } \times \text{ (funding weighting for relevant subject area)]}$

×

Total amount of funding available for the Quality Evaluation component of the PBRF.

Research Degree Completions (RDCs)

This is a measurement of the annual number of PBRF-eligible postgraduate research-based degrees completed at participating TEOs. This component makes up 25 percent of the fund.

The funding allocation is based on a three-year rolling average of a TEO's research-based postgraduate degree completions, weighted by research volume, relative costs of the subject areas, and weightings for ethnicity and completions in te reo Māori.

Formula for Research Degree Completions funding

$\Sigma \text{ RDC= [(research component weighting) } \times \text{ (cost weighting for relevant subject area) } \times \text{ (equity weighting)]}$

The funding formula for the 2025 RDC component is:

$\Sigma \text{ [(RDC for TEO2021 } \times \text{ 0.15) } + \text{ (RDC for TEO2022 } \times \text{ 0.35) } + \text{ (RDC for TEO2023 } \times \text{ 0.5)]}$

÷

$\Sigma \text{ [(Total RDC for TEO2021 } \times \text{ 0.15) } + \text{ (Total RDC for TEO2022 } \times \text{ 0.35) } + \text{ (RDC for TEO2023 } \times \text{ 0.5)]}$

X

Total amount of funding available for the RDC component of the PBRF.

External Research Income (ERI)

This is the annual amount of income participating TEOs receive for research from external sources. This component makes up 20 percent of the fund.

The funding allocation is based on a three-year rolling average of a TEO's proportion of total ERI earned and weighted by funding source/category.

The funding formula for the 2025 ERI component is:

$\Sigma \text{ [ERI for TEO2021 } \times \text{ 0.15) } + \text{ (ERI for TEO2022 } \times \text{ 0.35) } + \text{ (ERI for TEO2023 } \times \text{ 0.5)]}$

÷

$\Sigma [\text{Total ERI for TEO2021} \times 0.15] + (\text{Total ERI for TEO2022} \times 0.35) + (\text{ERI for TEO2023} \times 0.5)]$

X

Total amount of funding available for the ERI component of the PBRF.

Te Pūkenga

Te Pūkenga's allocation percentage is based on the consolidation on the relevant year data for each of the three funding components for the Institute of Technology and Polytechnic (ITP) it replaces.

Later transfer of delivery

An indicative funding allocation may be made to a TEO that later transfers delivery to a transitional or other TEO. In that case, we will engage with the new TEO to transfer and adjust the allocation.

We will adjust the indicative allocation of the provider receiving the largest portion of Research Degree Completion Funding if the 2025 final rounded calculations create an over-allocation against the 2025 funding of the PBRF. A small difference will be accepted where funding is under-allocated due to rounded calculations.

Work-based: pathway to work mode

Work-based: pathway to work (pathway) mode is about a transition from provider-based learning to work-based learning. The funding for this mode covers the transition period from provider-based (or provider-based: extramural) to work-based learning.

How we will calculate your allocation (which will occur in 2025)

This 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, where specific requirements are met:

- › 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)
- › the learner has been enrolled in TEC-funded work-based learning for at least six months before studying for the same (or a similar) qualification,
- › the learner has not completed 75 percent of the same (or a similar) programme in the last three years.

TEC will compare the data in both the ITR and the SDR to identify:

learners who:

- › were initially enrolled in provider-based or provider-based: extramural,
- › have transitioned to work-based learning, and
- › other relevant data requirements have passed pathway validations.

TEOs will receive a template through Workspace 2 (WS2) with this data for all learners who match the system rules. You are required to complete the Pathway Verified Flag informing us whether each learner's transition meets the requirement for pathway mode.

Eligible TEOs are required to submit a template, via Workspace 2, to signal YES (learner event meets the criteria for pathway mode), or NO (it does not meet criteria). This return is due monthly. You may need to submit a final template, or amendments to previously submitted templates, at the same time as the ITR final cut-off of 31 March (the following year).

Eligibility

The pathway mode is valid for up to 30 credits or three months of the learner's work-based learning (whichever comes first) or when the learner has withdrawn.

Note: Micro-credentials and training schemes are not eligible for funding under the work-based: pathway to work mode.

Payment

Payments will be made to TEOs when either:

- › the learner has completed the three months, or
- › the learner has completed 30 credits, or
- › the learner has withdrawn from the programme and the three months cut-off has been reached. After this, payment will be made up to the withdrawal date (rounded up to the nearest month).

Adjustments after review of data and other information relating to pathway mode settings

TEC will be monitoring the data and engaging with TEOs about what they are doing with pathway learners. If this results in amendments to the WS2 return (e.g., changing the previously submitted YES or NO); the impact will be reflected in the next YTD total payment calculation (i.e., the funding will be "washed-up" on an ongoing basis each year, not just at the year-end).

Payments will be made on actuals three times per year after the WS2 and SDR submission.

Note: Partial months will be rounded up for the purposes of the payment calculation. For example: 1.1 months of reported learning in the pathways template will equate to and be rounded up to two months, which will be accounted for funding calculation. This is consistent with how the ITR calculates standard training measure (STM) values.

Payment calculation

The TEO has already been allocated (and paid) for volumes under the work-based funding rate. The payment for pathway is to recognise the currently unfunded difference between:

- › the rate applicable for work-based: pathway to work mode, and
- › the rate applicable for the work-based mode.