The Treasury

Budget 2026 Information Release

September 2026

This document has been proactively released and is available on:

- The Budget website from September 2026 to May 2027 only at: **https://budget.govt.nz/information-release/2026**, and on
- The Treasury website from later in 2026 at: **https://www.treasury.govt.nz/publications/budgets/budget-2026-information-release**

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

[1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government

[2] 6(b)(i) - to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government

[4] 6(c) - to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial

[7] 6(e)(ii) - to prevent serious damage to the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the regulation of banking or credit

[12] 7(a)(i) - to avoid prejudice to the security or defence of the self-governing State of the Cook Islands

[13] 7(a)(ii) - to avoid prejudice to the security or defence of the self-governing State of Niue

[14] 7(a)(iii) - to avoid prejudice to the security or defence of Tokelau

[15] 7(a)(iv) - to avoid prejudice to the security or defence of the Ross Dependency

[23] 9(2)(a) - to protect the privacy of natural persons, including deceased people

[25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information

[26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied

[27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest

[31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility

[33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

[34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

[35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;

[36] 9(2)(h) - to maintain legal professional privilege

[37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice

[38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

[39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

[40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

[41] 18(d) - information requested is or will soon be publicly available

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

Copyright and Licensing

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to information@treasury.govt.nz.

Reference: T2026/511 SH-4-6-28-M134892

Date: 19 March 2026

To: Minister of Finance (Hon Nicola Willis)

Deadline: None
(if any)

Options for Fees Free and Support for Apprentices and Trades Training at Budget 2026

This aide-memoire provides further information on options to:

- Phase out the Final-Year Fees Free Scheme,
- Provide targeted Fees Free to apprenticeship and trades training.

It also includes an annex of past and current policies that support Apprentices and Trades Training for wider context.

Final-Year Fees Free Scheme: Costed options for phasing out the Scheme

The Ministry of Education (MoE) has provided and costed the following options for discontinuing the Final-Year Fees Free Scheme (the Scheme) at Budget 2026:

Option	Description	Savings
1: Hard cut off 31 December 2026	Learners who complete their studies in 2026 remain eligible, but not after.	$300.6 million per annum
2: Narrow grandparenting	As per option 1 plus level 3-7 (non-degree) graduates completing in 2027, provided they were actively studying in 2025 or 2026.	$291.9 million per annum
3: Broad grandparenting	Completions up until 2029 remain eligible for all levels, provided they were actively studying in 2025 or 2026.	$244.9 million per annum

Alternative options have not been costed

Further options for grandparenting could be considered, but these would have to be costed by MoE. As an example, there could be an option that extends the completion date with the aim that more learners who enrolled with the expectation of receiving Final-Year Fees Free would remain eligible.

A later cut-off year would improve equity outcomes by ensuring those who were studying in 2025 and 2026 but take longer to complete their studies remain eligible. MoE have previously advised that, on average, this would likely have greater impacts on students from lower socioeconomic backgrounds, Māori, Pasifika and Asian populations. However, it would reduce savings and have longer-running administrative costs overall, as Inland Revenue would have to continue to administer the Scheme for additional years.

We note that a definitive cut-off year is required, otherwise the Scheme could continue almost indefinitely as learners who take extended study breaks and return to complete their studies later would remain eligible for Final-Year Fees Free.

Final-Year Fees Free Scheme: Options for targeting the Scheme to apprenticeships and trades training

The current Final-Year Fees Free scheme has broad eligibility criteria, from level 3 (certificate) on the New Zealand Qualifications Credential Frameworks (NZQF) to level 10 (PhD). It includes both provider-based and work-based qualifications funded by the Tertiary Education Commission. For work-based learners the Scheme currently covers the final 'year' up to 24 months of work-based learning or up to the $12,000 (including GST) cap.

Options to target Fees Free towards apprenticeships and trades training involve four key choices, outlined in the table below. These choices will impact:

- The cost of the targeted policy: On the whole, the more a replacement scheme is targeted, the greater the savings.
- Implementation timeframes: Generally, implementation will be faster for policies most similar to the current or previous policies (e.g., final-year or first-year Fees Free) and that utilise existing targeting approaches (e.g., targeting the same areas of provision as Apprenticeship Boost).

Targeting choices	Description
1: Levels of provision: The New Zealand Qualifications and Credential Framework (NZQF)	Targeting by level of provision is an easy way to exclude higher education provision at levels 7 (degree) to 10 (i.e., bachelor's to PhDs). Level 3-7 (non-degree) provision includes all non-foundational sub-degree training on the NZQF, not just apprenticeship and trades training. A New Zealand Apprenticeship is a level 4 certificate, or a combination of levels 3 and 4. Some trades-related training can involve higher-level non-degree qualifications, such as diplomas (level 6), or degree-level study (e.g., trade-related bachelor's degrees).

2: Fields of study: Broad-based versus targeted to certain industries	Targeting by level of provision alone would still include some non-trades learning, such that further targeting by fields of study could be considered. For example, Apprenticeship Boost is currently targeted to 13 fields of study including building, agriculture, forestry, and engineering.
3: Types of provision: Work-based versus provider-based	Apprenticeships and trades training can be undertaken in work-based, or provider-based settings, or both. Learner fees are charged in both settings.
4: Year(s) funded	Currently, Final-Year Fees Free covers one year of provider-based learning, or two years of work-based learning due to its part-time nature. A different single year could be funded, for example returning to first-year fees free which has some advantages for apprenticeships such as less reliance on employers retaining apprentices until their final year. Providing more than one year of fees free could be considered, as under the targeted trades and training fund (TTAF) which was introduced in 2020 as part of the Covid-19 response. However, this would increase the cost of the scheme (e.g., the TTAF cost ~$220 million per annum).

We would need to engage with MoE to estimate costings and implementation timeframes for specific options. We note that, like the current Scheme, the targeted policy will need to consider any interactions with other policies, such as the Apprenticeship Boost.

We expect that an option to continue the current Final-Year Fees Free Scheme with tightened entitlement parameters for the level and type of provision, while discontinuing or grandparenting the Scheme for non-targeted provision, could likely be implemented from January 2027, however we would need to confirm this with MoE.

Other options to increase support for apprenticeships and trades training at Budget 2026

Beyond a targeted fees free scheme, there are other approaches to supporting apprenticeships and trades training at Budget 2026:

- Framing current initiatives in the Budget 2026 package as support for apprenticeships – the current Budget package includes initiatives increasing funding for Youth Guarantee (which provides fees-free foundational education which is targeted at vocational careers or further work and study), Trades Academies, and new vocational education subjects;
- Funding submitted initiatives that are currently not part of the Budget 2026 package to provide additional support – such as funding cost pressures for a tuition subsidy increase for tertiary education at levels 1 to 7;
- Scaling up current initiatives or reintroducing programmes similar to previous initiatives – for example the Training Incentive Allowance which provides support for specific beneficiaries to study.

We have provided detailed options for these in **Annex 1**, including previous Budget advice on these options where available.

If you wished to progress a non-spending option, you could consider support for apprentices in the context of ongoing government work programmes and priorities

Ministers may wish to consider support for apprenticeships as part of other ongoing work programmes, for example in compulsory education, infrastructure, or regional development. If this is the preferred approach, this could either be progressed as policy adjustments within current funding envelopes, or additional funding could be agreed at Budget 2026.

Work programme/priority	Options
Compulsory education	Further invest in school to trade pathways.
Infrastructure and building pipeline	Options to consider trades training alongside infrastructure investment. For example, the Australian Skills Guarantee sets workforce targets for apprentices for large government procured projects and government contractors.
Regional development	Options to consider trades training alongside infrastructure investment. For example, set workforce targets for apprentices for Regional Development projects and contribute to employers' costs.

Next steps

If you wish to progress any of the above options as part of Budget 2026, we can provide further advice that considers key policy levers and objectives, such as the workforce pipeline, supporting job seekers, and challenges in the current economic climate and labour market.

Costings for different options for grandparenting and / or targeting fees free would have to be provided by MoE, MSD, or other relevant agencies. Implementation timeframes would also need to be confirmed by agencies.

Isabel Dunne, Analyst, Social Sector Communities and Learning, [39]
Mark Hodge, Unit Manager, Social Sector Communities and Learning, [35]

Annex 1: Details of initiatives and programmes included for each option

Relevant approach	ID/Vote/Title	Description	Current funding	Options to scale up	Previous TSY Budget advice (where available)
Approach 1: Frame current initiatives in the Budget 2026 package as a "support for apprenticeship and trades training" package	17237 / Tertiary Education / Youth Guarantee (YG) – this is a component of the wider Tertiary Education Volume Pressure initiative	YG provides fees-free learning for young people at Levels 1-3 with low or no prior qualifications. It is particularly targeted at NCEA Level 1 or 2 courses aligned to vocational education pathways, or other qualifications that have a clear connection to progressing directly into higher education or employment. This was previously progressed as a support for Trades Education in 2011 and 2015 under the previous National government. We understand Labour Market Ministers have commissioned a first-principles review of YG to improve the programme for implementation alongside curriculum changes in 2028.	$9.907 million per annum currently included in the BM1 package.	Yes. The Ministry of Education has previously advised there is existing unmet demand for YG.	**Treasury has supported increasing YG funding through Budget 2026.** Without additional funding, providers may turn away unfunded YG learners - this risks transferring cost pressures to other sectors (e.g. Jobseeker), deteriorating provision, and impacts on human capital. We recommend holding additional YG funding in a tagged operating contingency from 2028, when YG changes will be implemented.
	17342 / Education / Expanding VET delivery for secondary school students	Trades academies involve vocational providers and employers working with schools to provide trades-related tertiary qualifications at Levels 1-3. Evaluations of trades academies show students are more likely to attend school, achieve qualifications, and be in 'substantial' employment at age 20, and there is regular monitoring of the programme to support effectiveness. This initiative increases the number of places by 5000. Trades Academies link to Youth Guarantee and were progressed as a support for Trades Education in 2011 and 2015 under the previous National Government.	$11.143 million per annum currently included in the BM1 package.	Yes. The Ministry of Education has previously advised there is existing unmet demand for trades academies.	**Treasury has supported increasing trades academies funding through Budget 2026.** There is strong evidence of Trades Academy programmes improving learners' outcomes. The Social Investment Agency has also supported funding this initiative, on the basis that it has regular monitoring in place and was successfully evaluated using IDI data.
	17315 / Education / Investing in Industry Skills Boards to develop industry-led school subjects	Industry Skills Boards (ISBs) work with employers and education institutions to support industry influence on vocational education training. This initiative provides funding to ISBs to develop eight new industry-led school subjects (as part of wider NCEA reform). Treasury recommended scaled funding for two years, compared to ongoing funding submitted by MoE.	$2.531 million per annum currently included in the BM1 package.	Yes. The Ministry of Education submission was $3.760m per annum.	**Treasury has scaled funding for curriculum development funding by ISBs through Budget 2026.** The initiative is an important part of the Government's Education reforms and has support from industry and educators alike. New funding is needed at this Budget to ensure the new subjects are ready in time to be rolled out alongside existing subjects in 2029. Our scaled option provides funding for two years only, to enable the development of the new subjects. A decision can be taken at a future Budget whether maintaining the subject materials requires new funding or can be met from baselines or whether additional funding is provided to develop further industry-led school subjects.
Approach 2 – Fund submitted initiatives that are currently not part of the	17236 / Tertiary Education Price Pressures – Tuition and	The current Vote Tertiary Education budget package does not include any tuition subsidy increases. Subsidy increases could be targeted at levels 1 and 2 (foundation education) and levels 3-7 (non-degree) to support	Subsidy increases not currently included in the BM1 package.	Yes. A 2% increase for levels 1-2 would cost $5.924m per annum. A 1.5% increase for levels 3-7 (non-degree) would	**Treasury has previously recommended supporting funding for tertiary education subsidies.** These were scaled out of the Budget 2026 package given fiscal constraints, but could be reintroduced.

Budget 2026 package or expand existing initiatives or programmes to provide additional support for apprenticeship and trades training.	Training Subsidy and Fees Increase	the sustainability and quality of lower-level provision, including Vocational Education and Training.		cost $11.106m per annum.	
	TBC / [33] / TBC	Options could include looking across other votes where cost pressure funding may support apprenticeships and vocational education and training. [33]	[33]		
Approach 3 – Scale up current initiatives or reintroduce programmes similar to previous initiatives	Tertiary Education and Revenue / Fees Free for apprenticeships and trades training	This would target fees free to apprenticeships and trades training. A version of this policy was previously in place but discontinued after 2022. The targeted trades and training fund (TTAF) was introduced in 2020 as part of the Covid-19 response, and cost approximately $220 million per annum. It covered all apprenticeship-based learning, as well as other industry training and level 3-7 sub-degree programmes in targeted areas. The TTAF covered course fees, compulsory course costs, and compulsory student service fees regardless of the year of qualification learners were completing at the time.	Not currently funded.	Yes. Up to ~$220m per annum if available for entire study duration. Cost would reduce significantly if provided for one year only.	
	Tertiary Education / Māori and Pasifika Trades Training (MPTT)	Provides fees free pre-trades training for Māori and Pasifika learners aged 16 to 40 to progress to relevant trades or trades-related employment or further training. Payments are made directly to Tertiary Education Organisations (TEOs) for foundation education and education at levels 3-7 (non-degree). MPTT uses a partnership model, comprising iwi, hapū, Māori and Pasifika community groups, employers, and TEOs.	Currently funded at $18.489 million per annum.	Yes. Could be expanded by providing fees free pre-trades training to additional learner cohorts.	MPTT was considered for savings through Budgets 2023 and 2024. **Treasury has consistently recommended against ending the scheme.** It is well targeted given lower average employment outcomes for Māori and Pasifika, and a previous Martin Jenkins review (2017) found that the initiative is producing a wide range of positive outcomes, including increased course completion and workplace experience for learners who may otherwise be not in education, employment or training (NEET).
	Tertiary Education / Funding for Strategically Important Vocational Education and Training Provision	Provides funding to Vocational Education and Training that is strategically important but not profitable and therefore may be discontinued without dedicated funding. The Minster for Vocational Education wrote to you in October 2025 to request an invitation for ongoing funding in Budget 2026. You requested she instead report back to Cabinet with funding options alongside policy choices in 2026, once costs are more certain. However, this could instead be invited into Budget 2026 as a late initiative. We understand there is now sufficient certainty around costs for the Minister to present options for the level of funding required to provide ongoing support for strategically important provision. Details of how this funding is allocated could be decided by joint ministers.	Currently funded at $20 million per annum for 2026 and 2027, reducing to $12 million from 2028. Ongoing funding is $12 million with the intention to top this up to $15 million per annum from reprioritising within Vote Tertiary Education.	Yes. This could be invited into Budget 2026. This is scale-able. For example, an additional $5 million per annum from 2028 would provide strategically important provision funding totalling $20 million per annum.	

	Social Development / Apprenticeship Boost Initiative (ABI)	Payment of $500 per month per eligible apprentice for up to 12 months made to employers to help them keep and take on new apprentices. Introduced during Covid (time-limited, not targeted). Funded ongoing on a reduced basis and targeted to certain areas in Budget 2024. Limited uptake and consistent underspends due to economic conditions since Budget 2024.	Currently funded at $28.632 million per annum.	Yes. Target areas and/or years supported could be expanded. At Budget 2024, an option for wider targeting was submitted at $65.032m per annum, but was ultimately scaled down to current funding levels.	Funding for ABI was considered through Budgets 2020, 2023 and 2024. **Treasury has consistently recommended against expanding/continuing the ABI.** While there was originally an increase in the number of apprentices under the existing scheme, course completion rates are low, and this increase is likely to have been influenced by broader labour market conditions. **There has been no formal evaluation undertaken to show impacts of the scheme.**
	Social Development / Training Incentives Allowance (TIA)	Targeted support for learners (including sole parents, disabled people, and their carers on specific benefits) at levels 1-7 for study costs; such as tuition fees, books, childcare, equipment, transport, and additional caring costs. Up to a maximum of $5,550 per annum.	Currently funded at $23.781 million per annum.	Yes. Could be expanded to additional learner cohorts or maximum payment increased.	Funding for TIA were considered through Budgets 2021 and 2023. **Treasury has previously recommended supporting this funding.** Between TIA's re-introduction in July 2021 and Budget 2024, it supported 5000 clients into study, and evaluations showed positive impacts, particularly for supporting single parents to move into higher-skilled and higher-paid jobs.
	Social Development / Mana in Mahi	Matches employers with people who are keen to start a career and need extra support to begin and maintain their work and training journey. Depending on the training pathway and needs of the employee, Mana in Mahi can provide: • a wage subsidy of up to $16,000 paid for 1 year • up to $2,000 to help with pre-employment training • funding of up to $8,000 for 1 year towards your employee's industry training course. The scheme was temporarily expanded during COVID to provide additional support, but has since returned to the baseline established through Budget 2019.	Currently funded at $18.097 million per annum, noting we would need to confirm this amount with the Ministry of Social Development.	Yes. Could increase the number of places offered under the programme, or the funding amounts available.	
	Tertiary Education / Māori Trades Training Fund	This policy was previously in place, but discontinued in 2025. Funding supported Māori entities to design and deliver employment and training programmes; to cover the costs of training and pastoral care support and to help Māori overcome barriers to participating in training and employment.	Not currently funded.	Yes. Reinstating this programme at previous levels would cost $20.911m per annum.	
	Social Development / Regional apprenticeship initiatives	This policy was previously in place as a temporary measure during COVID-19. It provided financial and pastoral support for people who wanted to take up an apprenticeship or other similar level 4 industry training qualifications. Up to $40,000 per apprentice which includes wage subsidies through the Apprenticeship Support Programme, as well as business support and help for employers to provide pastoral care for their apprentices.	Not currently funded.	Yes. This programme could be reinstated, however we would need to confirm the cost of doing so with the Ministry of Social Development.	