



Report: VET redesign – draft Cabinet paper seeking approval for introduction

To:	Hon Penny Simmonds, Minister for Vocational Education		
Date:	28/03/2025	Deadline:	31/03/2025
Security Level:	In-Confidence	Priority:	High
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Why are we sending this to you?

- You are receiving this because you are currently scheduled to take a Cabinet paper to the Legislation (LEG) Committee on 8 May seeking approval to introduce the Education and Training (Vocational Education and Training System) Amendment Bill.

What action do we need, by when?

- We are seeking your feedback on the draft Legislation Cabinet Committee (LEG) paper in order to incorporate any changes before the paper can be sent out for agency and ministerial consultation.
- Please return the signed paper by Monday 31 March.

Alignment with Government priorities

1. This report supports the progress of legislation to implement the redesign of the vocational education and training (VET) system, which is one of the Government's priorities.

Background

2. On 18 December 2024, the Social Outcomes Cabinet committee (SOU), with power to act, took decisions on the future direction of the VET system. SOU authorised you to issue drafting instructions to the Parliamentary Counsel Office (PCO) for a bill to amend the Education and Training Act 2020 (the Act), to give effect to those decisions [SOU-24-MIN-0174 refers].
3. Drafting instructions were issued and the Education and Training (Vocational Education and Training System) Amendment Bill (the Bill) has been progressing through the usual drafting process with the Ministry working closely with PCO on each iteration.
4. On 24 October 2024, we provided advice setting out the approach to the VET legislation design, the scope of the proposed amendments, and how we anticipated the provisions relating to the transfer of employees into successor organisations or to Industry Skills Boards (ISBs) would work [METIS 1336888 refers].
5. On 30 January 2025, we provided advice on continuing the current section 367 provisions related to Wānanga and standards-setting, and a moratorium on new work-based learning provision [METIS 1342285 refers].
6. On 28 February 2025, we provided further advice on additional policy decisions to support the ongoing drafting of the Bill, covering provisions to enable the transfer of employees to a successor organisation or an ISB and a minor change to the training levy setting provision [METIS 1342919 refers].

Summary of the Cabinet paper

7. The Cabinet paper 'Education and Training (Vocational Education and Training System) Amendment Bill: Approval for Introduction' seeks approval to introduce the Bill, which gives effect to Cabinet decisions to redesign the VET system.
8. As you are aware, introduction of the Bill is currently expected on 13 May 2025, subject to meeting current planned timelines and Cabinet approval. This paper provides you with a draft Cabinet paper for your feedback ahead of formal agency and ministerial consultation.
9. The paper sets out the key provisions in the Bill and provides an overview of how they will function to implement the reforms, including:
 - 9.1. a framework within which new polytechnics and a polytechnic Federation Committee can be established
 - 9.2. establishing ISBs to replace Workforce Development Councils
 - 9.3. transitional arrangements for both Te Pūkenga and the Workforce Development Councils to ensure a smooth transition of functions, programmes and assets to successor organisations.
10. You will note there are highlighted sections in the paper that have placeholder text. These include text relating to the transfer of work-based learning activities (awaiting Cabinet decisions on 14 April); the Regulatory Impact Assessment on the proposed approach to work-based learning; compliance with the New Zealand Bill of Rights Act 1990 (awaiting BORA vet) and feedback from agency and Ministerial consultation.
11. We are providing separate advice to you on the proposed transition arrangements for work-based learning, and potential impacts this may have on when the draft Bill will be available for consultation [METIS 1345274 refers, due 31 March].

Next Steps

12. We provided you with version 4.0 of the draft Bill on 4 March 2025 [METIS 1342919 refers]. PCO have now provided version 5.0 of the Bill, however this is still a working draft with a number of further changes yet to be made. We propose to send you the next iteration of the Bill prior to agency and ministerial consultation on the draft Cabinet paper but can provide your office with version 5.0 if you wish.
13. Once we receive this paper signed by you, we will incorporate any feedback you may have and return an updated Cabinet paper to you by 3 April.
14. We expect to provide you with a further paper with additional changes to the Bill to be confirmed prior to consultation.
15. Final amendments will be made to the Bill once the work-based learning model is agreed by Cabinet on 14 April. Further drafting instructions to PCO to amend those clauses in the draft Bill cannot be issued until those Cabinet decisions are made.
16. We will provide you with a further version of the LEG Cabinet paper along with the updated Bill, incorporating feedback from agency and Ministerial consultation, ahead of lodging. We will also provide supporting information, including talking points, ready for you to take the Cabinet paper to LEG (currently planned for 8 May 2025).
17. We think there are risks to meeting the timeframe of going to LEG on 8 May. The LEG paper and final Bill are required to be circulated for agency and ministerial consultation before lodging on 1 May. This consultation is currently scheduled to be 15-28 April 2025. However, this is contingent on PCO being able to draft the necessary provisions to give effect to Cabinet decisions on work-based learning in this timeframe.
18. The current expected timeline for progression of the Bill is set out below, noting the risks to this timeline set out in paragraphs 20-21 of this paper:

Milestone	Estimated timeframe 2025
Feedback requested on draft LEG paper	31 March
Consideration of Work-based Learning paper at Social Outcomes Cabinet Committee	9 April
Cabinet approval of Work-based Learning paper	14 April
Agency and Ministerial consultation on LEG paper	15-28 April
Lodge LEG paper and Bill	1 May
Consideration by Legislation Cabinet Committee	8 May
Cabinet approval	12 May
Bill introduced	13 May
1 st Reading and referred to Select Committee	From 13 May

Risks

19. Additional risks to the Government and implementation timeframes from the proposed transition of work-based learning divisions to ISBs have been raised through Ministerial and agency consultation on the work-based learning Cabinet paper. The additional complexity in the drafting process for provisions in the Bill relating to the proposed transition approach for work-based learning will likely impact the timeline set out in paragraph 18 above.
20. Further information on these risks and possible mitigations will be set out in separate advice to you expected on 31 March 2025 [METIS 1345274 refers]. That advice will also summarise feedback from agency and Ministerial consultation on the work-based learning Cabinet paper.

Annexes

The following are annexed to this paper:

Annex 1: Draft Cabinet paper – Education and Training (Vocational Education and Training System) Amendment Bill: Approval for Introduction

Proactively Released

Recommended Actions

The Ministry of Education recommends you:

- a. **note** the attached draft Cabinet paper “*Education and Training (Vocational Education and Training System) Amendment Bill: Approval for Introduction*” attached at Annex 1 **Noted**
- b. **note** that we will send you an updated draft of the *Education and Training (Vocational Education and Training System) Amendment Bill* before 15 April 2025 **Noted**
- c. **note** that the attached Cabinet paper:
 - i. reflects Cabinet decisions on the policy proposals required for the proposed amendments in the *Education and Training (Vocational Education and Training System) Amendment Bill*
 - ii. contains highlighted placeholder text subject to upcoming Cabinet decisions on 14 April, regarding the future model for work-based learning **Noted**
- d. **agree** that the Ministry of Education consult other agencies on the draft LEG paper (Annex 1) from 15-28 April 2025 **Agree** ~~Disagree~~
- e. **note** that your office will undertake Ministerial consultation on the draft LEG Cabinet paper (Annex 1) from 15-28 April 2025 **Noted**
- f. **note** that we will send your office the final LEG paper with incorporated Ministerial and agency feedback, along with the *Education and Training (Vocational Education and Training System) Amendment Bill*, by 25 April 2025 **Noted**
- g. **note** that the intention is to have the *Education and Training (Vocational Education and Training System) Amendment Bill* and Cabinet paper for the Cabinet Legislation Committee ready to lodge on 1 May 2025, with introduction expected on 13 May 2025. **Noted**
- h. **note** that the expected timeframes for the Bill are contingent on PCO being able to draft the necessary provisions to give effect to Cabinet decisions on work-based learning in this timeframe. **Noted**

Note

Proactive Release:

- i. **agree** that the Ministry of Education release this paper once related decisions have been made by Cabinet, with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

Agree / Disagree



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Tertiary Education & Evidence

28/3/2025



Hon Penny Simmonds
Minister for Vocational Education

29/03/25