



Report: Revised WBL Cabinet paper and Summary of Submissions

To:	Hon Penny Simmonds, Minister for Vocational Education		
Date:	20/03/2025	Deadline:	21/03/2025
Security Level:	In-Confidence	Priority:	High
From:	Rachel Dillon	Phone:	9(2)(a)
Drafter:	Rachel Dillon	METIS No:	1344934

Why are we sending this to you?

- You are receiving this draft of your Work-based Learning Cabinet paper incorporating your latest edits, along with a final version of the 'The Future of Work-based Learning: Summary of Submissions' report.

What action do we need, by when?

- We are seeking your approval for the attached Cabinet paper, Summary of Submissions and diagrams to proceed to Ministerial and agency consultation.
- Please return the signed paper by 21 March 2025.

Key facts, issues and questions

- You are scheduled to go to Ministerial and agency consultation on the attached Cabinet paper on 21 March 2025 until 28 March 2025.
- You are proposing to lodge this Cabinet paper on 3 April 2025.

Alignment with Government priorities

1. This report supports the redesign of the vocational education and training (VET) system, which is one of your priorities for the Vocational Education portfolio.

Background

2. You are scheduled to go out to Ministerial consultation on your Cabinet paper '*A redesigned vocational education and training system – Preferred option for work-based learning*' on Friday, 21 March 2025. Consultation is until 28 March 2025.
3. In order to meet the deadline of 9 April 2025 for the last SOU Cabinet Committee meeting before the House rises for an extended recess, this Cabinet paper will need to be lodged by **10 am, 3 April 2025**.
4. You have provided further amendments to the draft Cabinet paper and this briefing sets out how we have incorporated those amendments, and identifies the risks to meeting your Cabinet paper deadline with subsequent flow on negative impacts for your legislation and VET redesign programme.

Revised Cabinet paper

Executive Summary has been made consistent

5. We have been advised by DPMC that, given the number of VET Cabinet papers going to Cabinet in the next 3 months, it is important to have a consistent and unifying narrative across all. This approach was just recently applied to your Funding and Savings Cabinet papers lodged today, 20 March 2025.
6. Following a similar approach for this Cabinet paper will enable your Ministerial colleagues to better understand how the papers interlink and the decisions fit together.
7. We have amended the executive summary in line with this advice from DPMC. We have also incorporated your feedback from 19 April. For paragraph 24, we have made your requested changes and added the following sentence to reflect your intentions:
 - 7.1. "This is intended to enable ISBs to continue enrolling only if no alternative provider is available. The TEC will monitor this closely as part of managing public investment into vocational education and training."
8. We have now quality assured The Future of Work-based Learning Summary of Submissions report and this has resulted in some slight renumbering across tables. This has also resulted in an update to Table One: Results of Targeted Consultation on page four of your Cabinet paper.

Allowing ISBs to manage enrolments indefinitely in certain circumstances

9. You have requested additional wording to paragraph 36 stating that ISBs could continue managing enrolments past 31 December 2027 where no provider has emerged. Our advice to date has treated 31 December 2027 as a hard cut-off date, after which ISBs would only set standards.
10. This would be a policy change, which we would advise against this late in the process as we have not had time to do the policy thinking on what the full implications would be. We have identified the following implications we would need to work through, at a minimum, and highlighted as risks in the Cabinet paper.
 - 10.1. The programmes that are not developed by providers will most likely be ones which are less financially viable. Expecting ISBs to maintain these programmes, while preventing them from maintaining larger programmes that allow for cross-subsidies

and share the burden of the associated fixed costs of maintaining WBL functions, is likely to create future financial risks for the ISBs. The hard date partially, but not entirely, mitigates this risk by confining it to the two-year transition period.

- 10.2. A hard date for the end of ISB training functions provides certainty for industries, employers, trainees, and providers. Allowing the possibility of some activity remaining with ISBs past this date is likely to create a sense that the future state of work-based learning remains unclear.
- 10.3. ISBs will have both standards-setting and training functions. Some stakeholders may see this approach as implementing a variation of Option A from the 2024 consultation, rather than implementing a variation of Option B.
11. To date, we have intended that the clause(s) in your legislation enabling ISBs to manage training would have a defined end-date (e.g. 31 December 2027). To enable management beyond this point – even if this is intended to only be in a sub-set of areas – these clauses would instead need to apply indefinitely.
12. We recommend that you maintain a hard date for ending provision in this modified model.

Changes to Cabinet Paper would be needed to reflect this proposed change

13. If provision were to continue past 31 December 2027 in some cases, we would make the following changes to the draft text of the Cabinet Paper to reflect this:
 - 13.1. **Paragraph 5:** Change final sentence to “In most cases ISBs would manage learners for approximately two years (until 31 December 2027), although if new programmes have not emerged by that time they will continue to do so.”
 - 13.2. **Paragraph 17:** Change second sentence to “The ISBs will manage these apprenticeships and traineeships while new work-based programmes are developed at industry-developed PREs, polytechnics, and Wānanga.”
 - 13.3. **Paragraph 22:** Delete this paragraph and in its place add the following sentence to the end of paragraph 20 “Legislation will enable ISBs to manage this function as well as their standards-setting functions.”
 - 13.4. **Paragraph 23:** Delete “In this transitional period” from the opening sentence.
 - 13.5. **Paragraph 26:** Replace with “I anticipate that a new set of programmes and providers will be in place after approximately two years (i.e. by 31 December 2027). An ISB might be approved to manage the transition of learners (and associated resources) to an industry-led PTE to support this. After 31 December 2027, ISBs should be managing only a small number of programmes.”
 - 13.6. **Paragraph 27:** Replace “a two year transition period for” with “some training being managed by ISBs”
 - 13.7. **Paragraph 29:** Replace with “Each ISB will need to maintain both standards-setting and arranging training functions, but will be arranging training for a decreasing number of programmes over time. This does not represent a return to the previous industry training system, as they will only be expected to fill gaps in programmes offered by providers.”
 - 13.8. **Paragraph 31:** Delete “over the transition period”.
 - 13.9. **Paragraph 33:** Replace “The two-year transitional period” with “This approach”.
 - 13.10. **Paragraph 36:** Replace with “The ISBs will progressively exit from managing apprenticeships and traineeships as providers develop work-based programmes. I intend that from 1 January 2028 onwards they will only offer programmes for a small number of niche industries where no new providers have emerged.”

13.11. **Paragraph 37:** Replace with “To support this timeline, I intend that in the second half of 2027 the ISBs will actively work the new network of work-based providers to transition learners into programmes at providers.”

13.12. **Table Three:** Amend final table rows to

ISBs are encouraged to actively transition learners to programmes at polytechnics, PTES, and Wānanga	1 July 2027 to 31 December 2027
ISBs manage only a small number of apprenticeships and traineeships where providers have not emerged	1 January 2028 onwards

13.13. **Paragraph 42.1:** Remove “time-limited” from the first sentence and “during this transition period” from the second sentence.

13.14. **Recommendations:**

13.14.1. *Recommendation 4:* Delete “for a two-year period”.

13.14.2. *Recommendation 5:* Delete this recommendation.

Additional material to accompany the Cabinet paper

14. A copy of Appendix 1 to the Cabinet Paper (Work-based Learning in Te Pūkenga) has not been included with this report, as you have not requested amendments to this text. It will be included with the final Cabinet Paper pack we provide to you tomorrow for Ministerial consultation. Appendix 3 to the Cabinet Paper is the Regulatory Impact Statement, a draft of which was provided to you on 19 March 2025 [METIS 1344858 refers]

Summary of Submissions Report

15. We have quality assured the attached the Future of Work-based Learning Summary of Submissions report. This has resulted in a slight reordering across the charts, and the increase of number of submitters from 203 to 204. The numbers on page 8 and the charts on pages 16-19 have all been updated.
16. We have also incorporated an apprentice perspective as requested. This is included on page 31.
17. Appendix B: Organisation and groups that made submissions on page 36 has been reordered and updated. The amended Summary of Submissions Report is Appendix 2 of your Cabinet paper and is attached here as **Annex 2**.

Diagrams

18. We have prepared a set of power points that you can use in your Ministerial consultation to explain your proposals under the Modified Independent model. These are attached as **Annex 3**.

Next Steps

19. Provide feedback on the attached Cabinet paper and Annexes as soon as possible as Ministerial and agency consultation is due to commence tomorrow, 21 March 2025.

Annexes

The following are annexed to this paper:

- Annex 1: Cabinet paper: *A redesigned vocational education and training system – Preferred option for work-based learning*
- Annex 2: The Future of Work-based Learning Summary of Submissions report
- Annex 3: Diagrams to support Ministerial consultation.

Annex 1 and 2 refused in full under section 9(2)(g)(i) of the Act. Information is publicly available at the below weblink:

<https://www.education.govt.nz/our-work/information-releases/issue-specific-information-releases/vocational-education-and-training-vet-redesign>

Recommended Actions

- a. **confirm** the amended draft Cabinet Paper and annexes

Yes / No

- b. **note** that the final version of the draft Cabinet Paper will be provided to your office on 21 March 2025, so your office can circulate for ministerial consultation from 21 March 2025.

Noted

Proactive Release:

- c. **agree** that the Ministry of Education release this paper once Cabinet decisions on the future of work-based learning have been announced, with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

Agree / Disagree



Rachel Dillon

VET Programme Manager

Te Pou Kaupapahere

20/3/2025

Hon Penny Simmonds

Minister for Vocational Education

___/___/___

Independent model transition

Document 7c

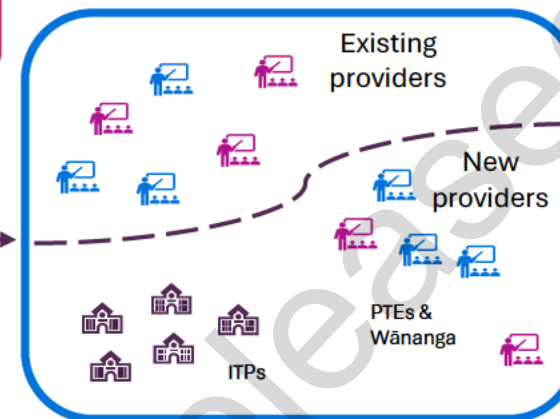
1 Jan 2026 – 1 Jan 2028*

Where do the WBL divisions move to?

WBL divisions

WBL divisions (9)

Crown company (temporary)



Who can enrol where on 1 Jan 2026 through to 1 Jan 2028?

Learners

2021 – 2025 learner cohort

2026 learner cohort

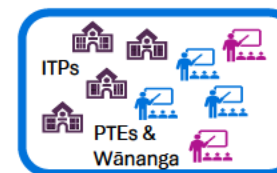
2027 learner cohort

2028 learner cohort and onwards

WBL divisions within a Crown company (temporary)



Providers



KEY



Can enrol & accept learners



Can't enrol & accept learners

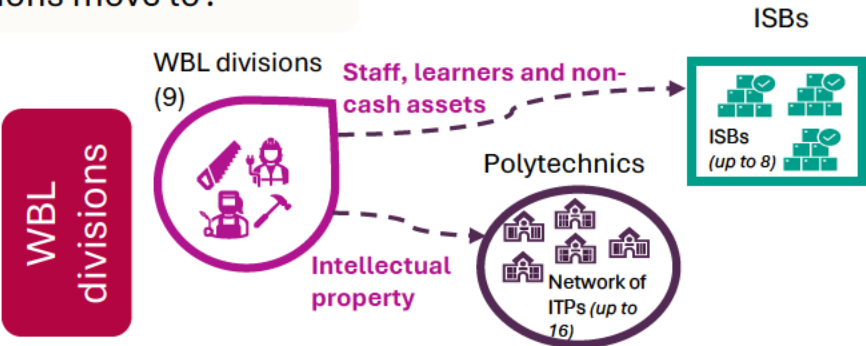


* WBL divisions will be held in a Crown company from 1 January 2026 and progressively re-established as standalone Providers. While no policy decisions have been made as to when the Crown company will be disestablished, it is likely prior to 1 January 2028 in line with the Minister's expectations under the modified Independent model.

Modified Independent model transition

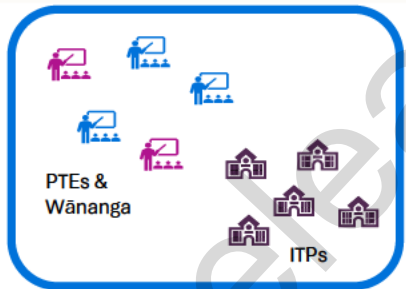
Where do the WBL divisions move to?

Pre 1 Jan 2026



Post 1 Jan 2026

Landscape of WBL Provision from 1 Jan 2026*

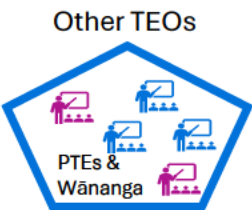
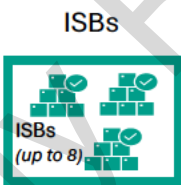
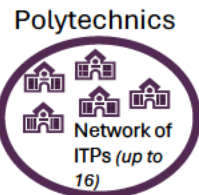


* ISBs will teach out pre-2026 learner cohort

Who can enrol where on 1 Jan 2026 through to 1 Jan 2028?

Learners

- 2021 – 2025 learner cohort
- 2026 learner cohort
- 2027 learner cohort
- 2028 learner cohort and onwards



KEY

- ✓ Can enrol & accept learners
- ✗ Can't enrol & accept learners
- Can enrol & accept learners to cover gaps in the network

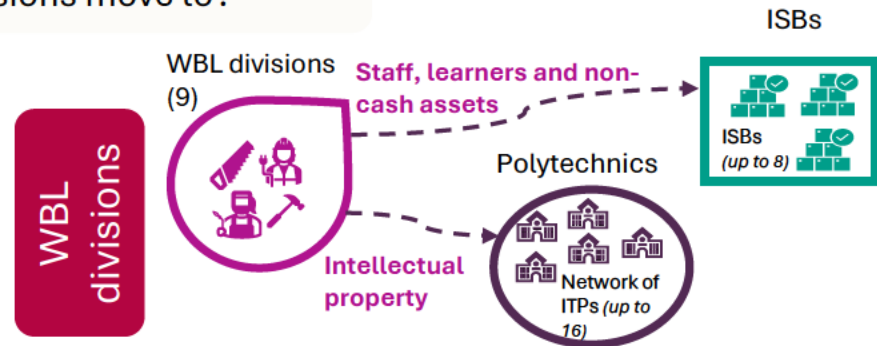


* Only existing PTEs with currently enrolled WBL learners

New Modified Independent model transition

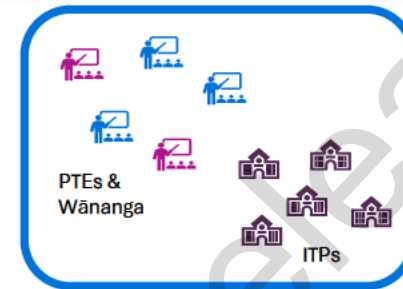
Where do the WBL divisions move to?

Pre 1 Jan 2026



Post 1 Jan 2026

Landscape of WBL Provision from 1 Jan 2026*



* ISBs will teach out pre-2026 learner cohort

Who can enrol where on 1 Jan 2026 through to 1 Jan 2028?

	Polytechnics	ISBs	Other TEOs
2021 – 2025 learner cohort	✗	✓	✓*
2026 learner cohort	✓	—	✓
2027 learner cohort	✓	—	✓
2028 learner cohort and onwards	✓	—	✓

KEY

- ✓ Can enrol & accept learners
- ✗ Can't enrol & accept learners
- Can enrol & accept learners to cover gaps in the network

* Only existing PTEs with currently enrolled WBL learners