Te Tāhuhu o te Mātauranga
Ministry of Education

Report: Draft VET Cabinet paper – streamlining funding settings

To:	Hon Penny Simmonds, Minister for Vocational Education		
Cc:	Hon Dr Shane Reti, Minister for Universities		
Date:	24/07/2025	Deadline:	30/07/2025
Security Level:	In-Confidence	Priority:	Medium
From:	9(2)(a), Programme Manager	Phone:	9(2)(a)
Drafter:	9(2)(a), Senior Policy Analyst	METIS No:	1351160

Why are we sending this to you?

- You are receiving this draft Cabinet paper for your feedback in preparation for lodging in August.

What action do we need, by when?

- We are seeking your approval to circulate the annexed draft for consultation.
- Please return the signed paper by 30 July to allow for parallel agency and ministerial consultation from 1-8 August 2025.

Key facts, issues and questions

- The draft Cabinet paper (Annex 1) is straightforward and covers two issues which require Cabinet approval to implement.
- Views from consultation with the sector will be inserted before lodging, but we expect the sector will be supportive of the proposals.

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Alignment with Government priorities

1. This report aligns with Government priorities as part of the work programme to disestablish Te Pūkenga and confirm new funding settings to come into effect from 1 January 2026.

Background

2. Last week we advised you of two relatively minor policy issues which need Cabinet agreement to implement [METIS 1350088 refers]. The proposed changes are currently being consulted on as part of consultation on the draft funding determinations for 2026.
3. Changes to funding determinations do not need to be agreed by Cabinet, as section 423 of the Education and Training Act 2020 allows you to vary existing determinations. However, Cabinet agreement is needed to change these settings because they were previously agreed by Cabinet as part of introducing the unified funding system.
4. We are seeking Cabinet's agreement to these changes now so that they can be confirmed by yourself and Minister Reti along with the other funding determination changes before 30 September. This is the cut off for funding determinations to be approved if they are to come into effect on 1 January 2026 (under section 423[8]).
5. The original intention was to seek Cabinet's agreement to these funding issues alongside any residual policy changes that might require Cabinet approval following Select Committee consideration of the Bill, but we have decoupled these processes due to timeline constraints.
6. We now provide a draft Cabinet paper for your feedback.

Contents of the Cabinet paper

7. The draft paper seeks Cabinet agreement to two changes which you have previously agreed to progress [METIS 1341652 refers]:
    7.1. removing the 'work-based: pathway to work' mode of delivery; and
    7.2. removing separate performance expectations for Learner Component funding.
8. We do not expect the proposals to be contentious. In the draft Cabinet paper, space has been set aside to include comment on the outcome of the consultation currently underway. These will be filled for the final version to be lodged, but the consultation will still be open when the draft paper is circulated for consultation.
9. The only recommendations in the paper are on these two issues. We have included an explanation of the timelines that require this paper to be lodged now despite the relatively minor content.

Next Steps

10. We are proposing simultaneous agency and Ministerial consultation to enable a shorter timeframe to Cabinet decisions. We do not anticipate strong interest from other agencies or Ministers due to the relatively minor nature of the policies in question.
11. We will reflect any feedback from you in the draft circulated for consultation.

Annexes

The following is annexed to this paper:

Annex 1: Draft Cabinet paper – A redesigned vocational education and training system – streamlining funding settings [attached separately]

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Recommended Actions

The Ministry of Education recommends you:

a. **agree** that the attached draft Cabinet paper (Annex 1) be circulated for simultaneous agency and Ministerial consultation from 1 August to 8 August, subject to any feedback from you

Agree / Disagree

Proactive Release:

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

Agree / Disagree

9(2)(a)

Programme Manager

Te Pou Kaupapahere

24/07/2025

Hon Penny Simmonds

Minister for Vocational Education

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