Te Tāhuhu o te Mātauranga
Ministry of Education

Report: Updated draft Cabinet paper – streamlining funding settings

To:	Hon Penny Simmonds, Minister for Vocational Education		
Cc:	Hon Dr Shane Reti, Minister for Universities		
Date:	29/07/2025	Deadline:	31/07/2025
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:	1351730

Why are we sending this to you?

- You are receiving this updated draft Cabinet paper in response to your feedback.

What action do we need, by when?

- We are seeking your approval to circulate the annexed draft for consultation from this Friday, 1 August.
- Please return the signed paper by the end of Thursday 31 July.

Key facts, issues and questions

- This updated draft (Annex 1) has been revised in response to your comments, including clearer explanation of the fact that removing the 'pathway to work' mode will not negatively impact work-based learning.

Proactively Released

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. On 24 July we provided you with a draft Cabinet paper addressing two policy issues for the vocational education and training funding system which require Cabinet agreement [METIS 1351160 refers].
3. We have now updated this draft to respond to your feedback. An updated version is attached for your approval (Annex 1) as well as a version with tracked changed (Annex 2).

Updates from the previous draft

4. The two main areas where the text of the paper has been updated are:
    4.1. the executive summary, where the relationship to the previous Government's reforms is more clearly stated and the purpose and benefits of the proposals are now articulated; and
    4.2. the 'pathway to work' section (paragraphs 13-16) which has been expanded to better address the fact that this proposal removes a feature introduced by the previous Government and is not expected to have significant impacts on work-based learning.
5. Because both provider- and work-based learners are eligible for the Learner Component, we have noted that the intended streamlining of the funding system will benefit both sectors.

Next Steps

6. If you approve this revised draft, and subject to any further feedback, we will circulate the draft paper for agency consultation 1 – 8 August and your office can circulate it for Ministerial consultation over the same period.

Annexes

The following is annexed to this paper:

Annex 1: Draft Cabinet paper – A redesigned vocational education and training system – streamlining funding settings (29 July)

Annex 2: Draft Cabinet paper – A redesigned vocational education and training system – streamlining funding settings (29 July tracked changes)

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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

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

29/07/2025

Hon Penny Simmonds

Minister for Vocational Education

30/7/25

Proactively Released