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Proactive release

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Date considered  30 September 2019
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Author: Ministry of Education

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Date considered: 25 September 2019
Author: Cabinet Office

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Date considered: 30 September 2019
Author: Cabinet Office

Material redacted
Some deletions have been made from the documents in line with withholding grounds under the Official Information Act 1982. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

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Section 9(2)(b)(ii) to protect the commercial position of the supplier of the information
Section 9(2)(f)(iv) to protect the confidentiality of advice tendered by Ministers of the Crown and officials

Some deletions have been made from the documents as the information withheld does not fall within scope of the Minister’s portfolio responsibilities, and is not relevant to the proactive release of this material.

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In Confidence

Office of the Minister of Education
Chair, Cabinet Social Wellbeing Committee

Raising the profile and strengthening the pipeline into vocational education

Proposal

1. On 22 July 2019, Cabinet agreed to the reform of vocational education (RoVE) to create a strong, unified, sustainable system for all vocational education that delivers the skills that learners, employers and communities need to thrive [CAB-19-MIN 0354]

2. The reform also offers an opportunity to build momentum and encourage more people to consider vocational education as a pathway into employment. This paper seeks agreement to implement a suite of initiatives that will raise the profile and strengthen the pipeline of students coming into the vocational education system.

Executive Summary

3. The RoVE will create a strong, unified, sustainable system for all vocational education that delivers the skills that learners, employers and communities need to thrive. The reform also offers an opportunity to build momentum and raise the profile of vocational education so that more people view it as a desirable pathway into employment.

4. In the long term, successful implementation of the reforms could see growth in participation. However, in recent years there has been a downward trend in enrolments in provider-based vocational education, which had been forecast to continue prior to the Government’s announcements on RoVE. Furthermore, while the transition to the new system will be carefully managed, there will be some disruption which could intensify this existing trend.

5. It will therefore be important to maintain and grow participation in vocational education, particularly during the transition. The Prime Minister’s Vocational Excellence Award is one example of an initiative aimed at recognising the value and encouraging a new generation into vocational education. There are also opportunities to build on initiatives being run by the industry training organisation (ITO) sector such as the ‘Got a Trade? Got it Made!’ Speed Meets’ initiative and the Building and Construction ITO’s marketing campaign.

6. This paper seeks agreement to draw down up to $12.955m from expected Fees Free underspends and to reprioritise baseline funding to implement a suite of initiatives that will raise the profile and strengthen the pipeline of students coming into the vocational education system. This includes:

   **Raising the profile of vocational education so it is seen as a highly-desirable pathway**

   6.1. *Initiative 1 – An integrated marketing and promotions campaign* to promote vocational education as a desirable pathway, where you can earn while you learn. Key audiences include employers, parents and whānau, and learners (including school leavers and adult learners). This initiative is estimated to cost $4.455m over four years and will be funded from expected Fees Free underspends.
6.2. **Initiative 2 – Events that connect schools, communities, and employers** that will raise awareness of vocational education careers by showcasing trades and ‘earn while you learn’ pathways. This initiative includes:

6.2.1. Expanding a Ministry of Education programme to support up to 140 additional careers events across the 2019/20 and 2020/21 financial years.

6.2.2. Creating a contestable fund to support secondary schools to run their own trades events.

This initiative is estimated to cost a total of **$2.5m over two years** and will be funded from expected Fees Free underspends.

**Strengthening the pipeline to maintain and grow participation in vocational education**

6.3. **Initiative 3 – A new education-to-employment brokerage service** that will strengthen connections between local employers and schools. This initiative involves funding up to 20 new brokerage positions based at regional Economic Development Agencies (EDAs), or similar regional economic-focused organisations, for two years from early 2020.

These brokers will build strong local relationships with the business and schooling community and will liaise between schools and employers in their region to highlight local trades and vocational opportunities for students, helping to build stronger connections between these different groups. We will ensure their activities align with the Government’s employment strategy and complement existing government initiatives. This initiative will cost a total of **$6m over three fiscal years**, funded from expected Fees Free underspends.

6.4. **Initiative 4 – Increased investment in Trades Academy and Gateway places** to help build the pipeline of secondary school students going into higher-level vocational education when they leave school. This includes funding for:

6.4.1. 2,000 additional Trades Academy places from 2020, bringing total placements up to 9,250 per annum. This will cost **$24.4m per annum** and will be funded through a $13.6m reprioritisation of Youth Guarantee fees-free funding and a $10.8m fiscally neutral adjustment of secondary school funding built into the Trades Academy funding model.

6.4.2. 2,000 additional Gateway places from 2020, bringing total annual places to around 16,000. This will cost **$2.8m per annum** and will be funded through a reprioritisation of Youth Guarantee fees-free funding.

7. Over the longer term, some of the initiatives detailed in this paper may no longer be required to maintain and grow participation and engagement and others may become integrated into the business as usual functions of entities within the new system. These initiatives are therefore focused on the next one to three years (though the marketing and promotion campaign will span four financial years).

**Creating a more unified vocational education system**

8. The *Reform of Vocational Education – Key Decisions* Cabinet paper gained Cabinet’s agreement on 22 July to implement a range of changes to create a strong, unified, sustainable system for all vocational education that delivers the skills that learners, employers and communities need to thrive. This unified vocational education system will:
8.1. Give all learners the education and training they need for the workplace.

8.2. Give employers greater access to a skilled, work-ready workforce across all regions of New Zealand.

8.3. Help young people more easily transition from secondary school to good jobs with training or to high quality and relevant online or on-campus learning.

9. The reform also offers an important opportunity to build momentum raise the profile of vocational education so that more people view it as a desirable pathway into employment.

Maintaining and growing participation in vocational education will be critical, particularly through the transition period.

10. As outlined in the RoVE Key Decisions Cabinet paper, these reforms represent a significant change to the vocational education system, and there are a number of risks that will need to be managed (as would be the case with any reform of this scale).

11. In the longer term, successful implementation of the reforms could see growth in participation in vocational education. However, while the transition to the new system will be phased and carefully managed, there will inevitably be some degree of uncertainty and disruption during this process. There is therefore a risk that before and during the transition period, participation in vocational education could decrease.

12. In recent years, there has been a downward trend in enrolments in provider-based vocational education, and this had been forecast to continue prior to the Government’s RoVE announcements. This trend, combined with possible disruption during the transition period, could further exacerbate existing skills shortages facing some sectors.

13. The reforms aim to resolve this issue of persistent and widespread skills shortages by creating a unified system that can respond coherently and with agility to industry and learner needs. However, through the transition period, there is a risk that these skills shortages will persist.

14. To help mitigate these risks, I propose to use existing funding to implement a range of initiatives that will raise the profile and strengthen the pipeline into the vocational education system. I considered a range of possible initiatives and decided to progress the following:

14.1. Initiative 1 – An integrated marketing and promotion campaign.

14.2. Initiative 2 – Events that connect schools, communities, and employers.


14.4. Initiative 4 – Increased investment in Trades Academy and Gateway places.

15. Annex one provides a summary of these four initiatives. Initiatives 1, 2, and 3 will be funded from expected Fees Free underspends, while Initiative 4 (increased Trades Academies and Gateway places) will be funded through a reprioritisation of Youth Guarantee fees-free funding and a fiscally neutral adjustment of secondary school funding built into the Trades Academy funding model.

16. The detailed planning and implementation of these initiatives will be led by the Ministry and the Tertiary Education Commission with close involvement of other government, industry, employment, and education organisations to maximise impact and avoid unnecessary duplication.
17. Together with programmes such as the Prime Minister's Vocational Excellence Awards, these new initiatives will help to ensure the continued engagement of those already participating in the vocational education system, and encourage new employers and learners (including those coming from secondary school and from overseas, along with adult learners) to get involved.

18. Over the longer term, some of these initiatives may no longer be required in order to maintain and grow enrolments. Furthermore, some may continue as business as usual activities of the New Zealand Institute of Skills and Technology (the Institute), workforce development councils (WDCs), Regional Skills Leadership Groups (RSLGs), or other key entities within the system. These initiatives are therefore focused on the next one to three years (though the marketing and promotion campaign will span four financial years).

Initiative 1 – An integrated marketing and promotion campaign

There is an opportunity to increase employer engagement in vocational education

19. Work-integrated learning is becoming an increasingly important part of the vocational education system. However, only 6 percent of employees are currently participating in industry training. There is an opportunity through the reforms to encourage more employees (through their employers) to get involved in vocational education. Part of this will be to demonstrate the benefits for these businesses of getting involved.

There is also an opportunity to improve people’s perceptions of vocational education

20. Enrolments in vocational education have been falling for some time, particularly provider-based vocational education, and this decline had been forecast to continue before the RoVE announcements. This trend is due in part to a strong labour market which has meant that school leavers are able to get jobs more easily without requiring further education or training. However, there is also a historic perception of vocational education being less desirable than other forms of higher education, such as university.

21. A 2018 online survey conducted by the Tertiary Education Commission (TEC) found that perceptions toward vocational education needed improvement, with only 50 percent of 16 to 54-year-olds having ever heard of the term ‘vocational’, and 42 percent of those aged between 18 and 24 feeling that vocational education did not have a positive image in New Zealand. Furthermore, 53 percent of parents indicated that they would like their child to attend university, rather than an institute of technology and polytechnic (7 percent) or on-the-job training/apprenticeship (11 percent and 8 percent respectively).

22. There is an opportunity through RoVE to raise awareness of what vocational education is, the great career opportunities it offers learners, and to demonstrate its value for our young people, their parents and whanau, adult learners, and to New Zealand as a whole. Shifting the perceptions of New Zealanders so they see vocational education as a positive and desirable option will also help to ensure critical sectors our economy have access to the skills they need to grow.

1 2018 TEC online survey on Vocational Education
I seek Cabinet’s agreement to fund an integrated marketing and promotions campaign

23. To demonstrate to the business community the value of engaging in the vocational education system, and to shift New Zealanders’ perception of vocational education will require effective and targeted communication with employers, learners and apprentices, parents and whānau, teachers, and iwi.

24. I am seeking Cabinet’s agreement to reprioritise S 9(2)(b)(ii) from expected Fees Free underspends for an integrated marketing and promotions campaign that will help to positively shift the attitudes and behaviours towards vocational education of key stakeholder groups. I also seek agreement to reprioritise an additional S 9(2)(b)(ii) from Fees Free to continue a television campaign for a further two years (into the 2022/23 financial year).

25. This campaign will encourage those already involved in vocational education to remain engaged and will strengthen the pipeline of new learners and businesses wanting to get involved in the future.

26. This campaign will target the following key audiences:

26.1. **Employers who are (or could in the future be) involved in vocational education**, including businesses (in particular small businesses), iwi, and other organisations with the aim of maintaining and increasing engagement in the vocational education system.

26.2. **Learners, apprentices and trainees**, including those who are already engaged (i.e. to maintain confidence and ensure retention) as well as those who are considering vocational education, with the aim of maintaining and increasing participation. This will also reach existing enrolled international learners.

26.3. **Parents and whānau of secondary school students**, who play a key role in helping their children to decide on career options, with the aim of having more parents consider vocational education as a positive pathway for their child.

26.4. **Secondary school teachers**, who also play a key role in supporting students to choose career options, but who sometimes have limited information on vocational pathways.

27. This marketing campaign will also have a strong focus on Māori, Pacific people, learners with disabilities, those who currently experience poor educational outcomes, and those who are underrepresented in certain areas of vocational education (for example, women in some traditional trades such as plumbing and building).
**Table one: Components of the integrated marketing and promotions campaign**

<table>
<thead>
<tr>
<th>Component</th>
<th>Detail</th>
<th>Timing/cost</th>
</tr>
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<tbody>
<tr>
<td>Baseline research</td>
<td>To ensure that we understand the attitudes and behaviours of these target groups, the first phase of this initiative will involve more in-depth qualitative research to establish and measure baseline attitudes of key stakeholder groups. This will provide key performance indicators to measure the campaign’s effectiveness, including the impact on participation for specific learner groups (such as Māori and Pacific learners).</td>
<td></td>
</tr>
<tr>
<td>Developing collateral</td>
<td>Supporting resources and collateral will also need to be developed to ensure consistent and effective communications across the various channels detailed below.</td>
<td></td>
</tr>
<tr>
<td>Campaign - Employers</td>
<td>A range of channels will be used to reach the employer/business community including direct mail, advertisements through industry media (e.g., magazines), social media, radio and television. The aim of these engagements will be to showcase positive stories from employers who are already supporting trainees and apprentices to demonstrate the benefits of getting involved, and to provide guidance to employers on exactly how employers can get involved.Messaging will be aligned with other government and sector initiatives, such as a targeting marketing campaign being considered by the Primary sector Skills Leaders Working Group and the work of the Industry Training Federation (ITF). This campaign will run from July 2020 till June 2021.</td>
<td></td>
</tr>
<tr>
<td>Campaign - Learners</td>
<td>Social media channels (in particular Instagram and Facebook) will be used to reach learners, with the aim of showing journeys through vocational education and into employment. Social media advertising will seek to generate more positive and real-life conversations about “Why I chose vocational education”. While this campaign will primarily focus on existing and potential domestic learners, there may be opportunities to work with Education New Zealand (ENZ) to target international learners studying in New Zealand or to align messages and support ENZ’s offshore promotional work (international learners studying at ITPs make an important economic and social contribution to New Zealand’s regions). There may also be opportunities to collaborate with the ITF on this initiative. This campaign will be developed in early 2020 and rolled out in the second half of 2020.</td>
<td></td>
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<tr>
<td>Campaign - Teachers and career advisors</td>
<td>A range of channels will be used to reach secondary school teachers and career advisors including careers advisor conferences, career events in schools, direct mail and e-newsletters and targeted messaging through the Ministry’s website. This audience is also likely to respond to the TV advertising and social media campaign. This campaign will run from mid-2020.</td>
<td></td>
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<tr>
<td>Campaign – Parents, whānau, and others</td>
<td>Television advertising will be used to engage primarily with parents and whānau (though learners, teachers and employers are also likely to be influenced through this channel). Messaging will be aimed at changing the attitudes of parents and motivating them to encourage their young person to consider vocational education as a viable alternative to university education.</td>
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</tbody>
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2 Note: Research has been carried out by Industry Training Federation and the Ministry which could also inform the campaign.
The advertisements may feature industries and trades which are currently experiencing skills shortages and will aim to show the diversity of those involved (e.g. women/gender, ethnicity and people with disabilities). This campaign will be developed in the first half of 2020 and will be rolled out later in 2020 during the time when students are considering their study options (August till December). To maximise return on investment, these advertisements will be placed again from August till December for the next two years.

Targeted engagement – Māori, pacific, disabled learners and women

In recognition of the Crown Māori partnership, marketing communications will be developed in both te reo and English to help increase the number of Māori trainees and apprentices. Officials will also work with Te Taumata Aronui, iwi, and others to identify the best way of reaching whānau, hapū and Māori learners to build awareness of the opportunities presented by vocational education. Targeted engagement will also be developed to ensure we effectively reach pacific, disabled learners, and women. This will take place from August to December 2020.

28. While I am seeking funding to run this marketing and promotions campaign over four years (mainly in 2019/20 and 2020/21), I may seek additional funding should the need arise to continue other aspects of the campaign (such as social media or industry engagement).

29. In addition to these targeted campaigns, there will be ongoing communications, media and social media activity to communicate the transformational vision of RoVE.

Initiative 2 – Events that connect schools, communities, and employers

30. Providing opportunities for young people to connect to the world of work and explore industry-specific careers while in school enhances their perspectives on vocational education and ‘earn while you learn’ pathways. Industry events also showcase trades and service industry careers to young people and their families and whānau.

31. Between April and July 2019, the Ministry supported a range of activities that helped young people to make tangible connections with employers. Key insights from these events included:

31.1. Young people, their families and whānau are very responsive to the opportunity to meet face-to-face with people working in industry, and these engagements help young people to see pathways into those industries.

31.2. Young people get a better understanding of the skills employers are looking for through engaging directly with those employers.

31.3. Young people benefit from having a safe environment in which to test out their interpersonal skills to build their own confidence and attitudes.

31.4. Initial public seed funding can often result in communities or businesses taking the lead on funding future events.

32. The Ministry has also been working with Industry Training Organisations (ITOs) on the Got a Trade? Got it Made! SpeedMeets initiative. These 14 free events were held at locations across the country from 22 August to 25 September, in conjunction with ITOs, local secondary schools and community partners, to give students the opportunity to be interviewed by employers in a speed-dating style.

33. This partnership between government, local communities, and industry has worked well, and I propose to expand on this initiative.
Careers events that showcase vocational careers and pathways

34. To showcase vocational careers and pathways, I intend to support up to 140 additional speed meets type events (similar to Got a Trade? Got it Made!) along with careers expos. These events will be focused on a range of strategically important sectors including construction and infrastructure, primary industries, engineering (including automotive), social and community services, tourism, retail and hospitality, and the technology and creative sectors.

35. The Ministry will work with community partners, employers, industry groups (for example, the Primary Sector Skills Leaders Working Group), the ITO sector, vocational education providers, and other agencies (in particular TEC) to develop a series of events that bring together young people, their families and whānau with industries.

36. These events will be nationwide but will have a particular focus on the priority ‘surge regions’ identified by the Provincial Growth Fund, including Tai Tokerau/Northland, the Bay of Plenty, Tairāwhiti/East Coast, the Hawke’s Bay, Manawatū-Whanganui, and the West Coast.

Contestable fund for vocationally-focused events at School/Kura and Kāhui Ako

37. In addition to directly supporting vocationally-focused careers events, I propose to establish a contestable fund that will support up to 250 schools to run their own local trades promotion events within their school/kura or within their Kāhui Ako.

38. To access this fund, schools will need to demonstrate how the event is part of their broader programme of supporting students into vocational education.

Managing the events and developing an Employer Engagement Toolkit

39. To support the implementation of these careers events, the Ministry will recruit three staff on 15-month contracts. The staff will develop relationships with schools, industry and vocational education providers to create and run the events across New Zealand.

40. To complement this campaign of events to promote vocational careers and pathways, the Ministry will also develop an Employer Engagement Toolkit. This toolkit will assist schools and kura to form relationships with local business, including smaller rural employers who may require a unique approach to develop partnerships with. It will also provide guidance on how schools and kura can link local industry to their local curriculum. Furthermore, promotional collateral will be developed centrally and made available to schools and kura to reduce duplication of effort across schools.

In total, this initiative will cost $2.5m over two years

41. The school-employer connections initiatives will be funded from expected Fees Free underspends and will cost $920m over 2019/20 and 2020/21 as shown in table two below.

Table two: summary of events that connect schools, communities, and employers

<table>
<thead>
<tr>
<th>Component</th>
<th>S 9(2)(D)(ii)</th>
<th>Purpose and timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Careers events that showcase vocational careers and pathways</td>
<td></td>
<td>This will fund 140 careers events across the country in the 2019/20 and 2020/21 financial years.</td>
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</tbody>
</table>
Contestable fund for vocationally-focused events at School/Kura and Kāhui Ako

This contestable fund will support up to 250 schools to run careers events across the 2019/20 and 2020/21 financial years.

Managing the events and developing an Employer Engagement Toolkit

This will enable the Ministry to develop a toolkit and associated collateral and to support schools and kura to run events.

**Initiative 3 – Education-to-employment brokerage service**

*Strengthening links between employers and secondary schools helps to prepare students for entry into vocational education and to be ‘work ready’*

42. According to the Organisation for Economic Co-operation and Development, young people who have four or more engagements with employers while in education are five times less likely to become NEET – not in employment, education or training. Education-to-employment brokerage services, which connect students with employers, are an important way to support secondary school students to engage with the world of work, reducing their likelihood of becoming NEET, and increasing the chance of them entering vocationally-focused education following school.

43. These brokerage services also benefit the local business community by supporting employers to engage more effectively with schools in their area to communicate to students and teachers pathway into their industries, and the skills and capabilities they need to be ready for the world of work. The Employers and Manufacturers Association (EMA) identified in 2018 that only 4 percent of employers were satisfied or very satisfied with the work readiness of school leavers. However, only around 27 percent of employers in New Zealand have developed links with senior secondary schools.

44. A successful New Zealand education-to-employment model is a brokerage service run by Aoraki Development, the EDA for South Canterbury. Aoraki’s programme helps to connect young people with relevant opportunities in the local primary sector, food manufacturing, transport and logistics, and the construction sector.

45. Through this programme, students engage with employers, developing an understanding of the world of work, some gain valuable work experience or internships, mentoring or advice, and others have gone on to find employment. This programme has also exposed teachers to the different sectors within their community, enabling them to talk more confidently to students about local career opportunities as well as build contextually based local curriculum that can be very engaging for learners.

46. This programme has generated significant interest in the region, with all South Canterbury secondary schools and a growing number of primary schools now participating. They held the second and largest careers expo in August this year that was attended by 600 students and 30 organisations from across the region.

I propose to establish a new education-to-employment brokerage service for 2 years

47. I seek Cabinet’s agreement to establish a new education-to-employment brokerage service that will be managed by the Ministry of Social Development (MSD). MSD will develop the parameters of the service jointly with the TEC, the Ministry of Business, Innovation and Employment (MBIE), and the Ministry of Education (MoE), but the general intent is that the service will be delivered through regional EDAs and other
regional economic-focused organisations (where an EDA does not exist). This will aim to replicate the success of the Aoraki Development programme in other regions.

48. This initiative will fund up to 20 brokerage positions for two years, beginning in early 2020. These brokers will be distributed across the country, reflecting factors such as the populations in each region, government priorities (e.g. the surge regions), and existing related initiatives in each region (for example, we would look to avoid duplication with existing initiatives, such as the Careers Advisors for horticulture funded through the Provincial Growth Fund).

49. These brokers build strong connections with the local business and schooling community. They will need to work in partnership with MSD, the TEC, MBIE and the Ministry to liaise between employers and schools in their region to highlight local trades and vocational opportunities for students, helping to build stronger connections between these different groups. With a strong and credible relationship with industry, these brokers will complement similar roles, such as careers advisors within schools who are primarily connected with the education system. Brokers may also benefit from taking a whānau-centred approach to forming relationships in some contexts.

50. The services that each broker provides will need to be tailored to meet the needs of the local community. These services may include: running expos or industry engagement days for students and teachers; supporting schools and career advisors to connect with business opportunities in Gateway, Trades Academies, and work experience; supporting employers to engage effectively with local schools; and working with local trades training providers to ensure courses are designed to support local businesses’ needs and skills shortages.

51. The aim of these brokers will be to build stronger connections between employers, schools and young people and in particular to support employers to engage more effectively with schools. This strengthened connection will raise the awareness of young people (as well as teachers, careers advisors, parents and whānau) of trades as a career pathway in their local community, and will support students to transition into higher education, training and employment in their local labour market.

52. This initiative will cost a total of $6m spread across the 2019/20, 2020/21, and 2021/22 financial years on a broad assumption of $3m in each of the 2020 and 2021 calendar years.

This brokerage role will need to align with other relevant government initiatives

53. It will be important to ensure this new brokerage role is aligned with existing (and planned) services and government initiatives, including RSLGs, New Zealand Trade and Enterprise’s Regional Business Partners network, and MSD’s existing employment brokerage service. While the contract management of this initiative will be held by MSD, officials will work closely with MoE, MBIE (in particular Sector Workforce Engagement Programme, the Provincial Growth Fund, and He Poutama Rangatahi), and New Zealand Trade and Enterprise in the development of the regional positions.

54. In the longer term, there may be an opportunity to transition this brokerage role into a business-as-usual function of other organisation within the system. Part of the Ministry’s work with other agencies to develop the detail of these regional positions will be to identify potential options for sustaining these roles in the longer term.
Initiative 4 – Increased investment in Trades Academy and Gateway places

Increasing the pipeline of school leavers moving into higher-level vocational education

55. An important way that young people engage in initial vocational education and gain exposure to vocational career opportunities is through dual enrolment in secondary-tertiary learning, and access to workplace learning while at school.

56. I want to increase the number of students who start their vocational learning journey while still enrolled at secondary school and support them to seamlessly transition into higher-level vocational education post-school.

57. Secondary school students are currently able to undertake vocational learning in a tertiary or workplace setting through programmes such as Trades Academies and Gateway. These programmes have proven to be popular and successful in both the school and tertiary sectors.

58. Gateway enables secondary schools to arrange, manage and assess structured work-based learning placements for students in Years 11 to 13. The programme is strongly valued in the schooling sector. Current funding for Gateway is $18.9 million per annum, which in 2019 will support almost 14,000 learners across 376 schools. Funding is paid to schools in addition to their regular school funding. Māori and Pacific participation in Gateway is particularly high, with Māori students making up around 28 percent and Pacific students making up around 14 percent of total enrolments in 2018.

59. Trades Academies enable senior secondary school students to undertake a full-time programme of study that combines school, tertiary and/or work-based learning. Current funding for Trades Academies is $87.5 million per annum, which supports around 7,250 learner places across 356 schools. This funding covers teaching and learning in both the school and tertiary settings (including a trades top-up), pastoral care, co-ordination funding and transport funding. Similar to Gateway, Māori and Pacific participation in Trades Academies is also high, with Māori students making up nearly 38 percent and Pacific students making up nearly 17 percent of total enrolments in 2019.

60. Secondary-tertiary initiatives such as Trades Academies have contributed to higher qualification attainment and improved post-school employment outcomes. Research also shows that work experience is a key factor that influences people’s employment capability and motivations.

61. However, funding for Trades Academies and Gateway is capped and is not keeping up with demand. I would therefore like to shift investment in programmes for young people studying towards NCEA Levels 1-3 to match learner demand.

I intend to increase both Trades Academy and Gateway placed by 2,000 from 2020

62. I intend to increase the number of places available for both of these programmes by 2,000 from 2020 on an ongoing basis. This will give more secondary students the opportunity to take part in vocational learning while still enrolled at school, and particularly those learning at Level 3, helping to strengthen pathways into higher-level vocational education.

63. This will bring the total number of Trades Academy places available to 9,250 on an ongoing basis. Gateway places will be increased to around 16,000 places a year.

64. The consequential full-year costs are $24.410 million for Trades Academy places and $2.769 million for Gateway places. The Trades Academy costs include a transfer of schools resourcing funding to offset partial provision for participants schooling that is
included in the Trades Academy funding model, rather than being funded through regular school resourcing.

65. The Vote Tertiary Education transfers for additional Trades Academy and Gateway places will be fiscally neutral, funded from under-utilised Youth Guarantee fees-free funding. Demand for Youth Guarantee fees-free places (targeted at school leavers without NCEA Level 2) continues to decline, in line with increases in school leaver NCEA Level 2 attainment in recent years and the strong labour market.

66. However, there continues to be strong demand for dual enrolment secondary-tertiary and workplace learning, including for more opportunities at Level 3. Trades Academies and Gateway support young people gain NCEA Level 2 or 3 while still enrolled at school. Trades Academy places are successful at retaining students in education, and schools continue to request more places, particularly at Level 3.

Ongoing work to strengthen pathways into higher-level vocational education

67. I want there to be better linkages between schools and the vocational education system, including the world of work. Through RoVE and the NCEA Review Change Package, there are significant longer-term opportunities to strengthen the quality and coherence of vocational learning that school students undertake, and to strengthen pathways for school leavers to move directly into higher-level vocational education, including through the development of a Vocational Entrance Award.

68. To realise the full benefits of these changes, MoE is also reviewing how secondary-tertiary learning arrangements are funded. This review will look for opportunities to increase access to vocational education through dual enrolments in school and tertiary education (including in the workplace), and address disincentives and inequities in how the current system operates.

69. The increases to Trades Academy and Gateway places from 2020 will support greater access to secondary-tertiary and workplace learning in the short-term, while the wider review of funding is progressed.

Risks and mitigations

70. There is a risk that disruption and uncertainty within the vocational education system will vary over the transition period and will differ between stakeholder groups. For example, uncertainty may be particularly high for existing and potential learners in the latter part of 2020, once the new Institute has been formed and begins the process of rationalising its operations. Uncertainty among employers engaged in industry training may be particularly high around mid-2020, once legislation is passed and as ITOs begin to transition their supporting work-based training function to providers.

71. The specific timing for some initiatives (particularly the marketing and promotion campaign) will therefore need to be adaptable to target the right audience at the right time. This risk will be managed through careful planning but may require additional funding to extend some of these initiatives beyond the timeframes set out in this paper.

72. There is a risk, should the initiatives set out in this paper result in a larger than expected increase in new enrolments, some parts of the system may struggle to support these students due to the transition many entities will be going through. This risk will be managed by working closely with the new Institute, school, and other stakeholders, in the development and timing of each initiative.

73. There is a risk that some secondary schools may have limited capacity and resource to participate and lead the events that connect schools, communities, and employers. This
will be mitigated through the contestable fund and the support provided by the Ministry (such as the Toolkit). The new brokerage function set out in Initiative 3 may also provide some support to schools to help them run these events.

74. In the short-term, there is a risk that the TEC may be unable to allocate all 2,000 of the additional Gateway places given the short lead-in time to increase places for 2020. This will be mitigated by the TEC running an additional application round in early 2020. With a longer lead-in time for 2021 applications, TEC advise that there is a stronger likelihood that the 2,000 additional places would be taken up by schools.

75. Government and non-government initiatives in the education and employment space are continually evolving, and there is a risk of duplication between the initiatives proposed in this paper and other initiatives we are not currently aware of. To reduce this risk, officials will engage with other agencies and organisations in the detailed planning phase of each initiative (as outlined in the body of this paper).

Consultation

76. The following agencies were consulted\(^3\) in preparing this paper:

- Ministry of Social Development
- Ministry for Primary Industries
- Education New Zealand
- Ministry of Culture and Heritage
- Ministry for Women
- The Treasury
- Ministry of Business, Innovation & Employment
- Te Arawhiti – The Office for Māori Crown Relations

77. The Department of the Prime Minister & Cabinet was informed during the preparation of this paper.

Treasury comment

78. \(8(2)(f)(iv)\)

79. 

80. The Treasury supports the fiscally-neutral proposal in initiative 4 to transfer funding from Youth Guarantee to Trades Academies and Gateway. We agree this needs to be decided now to enable delivery from 1 January 2020.

81. With respect to initiatives 1 and 2 (the marketing campaign and the school events), as these are proposed for implementation in the second half of 2020, decisions about them do not need to be made yet. \(8(2)(f)(iv)\)

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\(^3\) Comments were received from MSD, ODI, TPK, MPI, the Treasury, TEC, and ENZ.
82. The Treasury supports initiative 1, the marketing campaign, in principle, but is unclear on its relative priority compared to other RoVE funding needs. For initiatives 2 and 3 (the school events and the education-to-employment broker), the Treasury would like to see more rigorous cost-benefit analysis, and analysis of options and risks, than the current paper provides. We don't think Cabinet should agree to fund initiatives 2 and 3 based solely on the information presented in this paper.

Financial Implications

83. Three initiatives are proposed to raise the profile and strengthen the pipeline of students coming into the vocational education system, as shown in the following table:

<table>
<thead>
<tr>
<th></th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
<th>2023/24 &amp; out-years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing and Promotion</td>
<td>$9.2(b)(ii)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School-Employer Connections</td>
<td>1.472</td>
<td>1.028</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education-to-Employment Brokerage</td>
<td>1.500</td>
<td>3.000</td>
<td>1.500</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating</strong></td>
<td>$9.2(b)(ii)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

84. The total cost of $12.955m will be funded through a reprioritisation of expected Fees Free underspends.

85. The RoVE Programme Business Case, considered by Cabinet on 22 July, highlighted that the contingency established to help fund RoVE would be insufficient to cover the costs outlined in the business case. Reprioritising up to $12.955m from expected future underspends now to fund these new initiatives will mean that there is less available to fund the aspects of the RoVE implementation outlined in the business case considered by Cabinet in July.

86. In addition, I am proposing to increase the number of Trades Academy places by 2,000 from 2020 under the Secondary-Tertiary Interface appropriation in Vote Education. This proposal will be fiscally neutral, utilising a projected underspend for Youth Guarantee fees-free funding (from the Tertiary Tuition and Training Multi-Category Appropriation (MCA) in Vote Tertiary Education). There will also be a funding transfer in Vote Education from Secondary Education to Secondary-Tertiary Interface as participants’ schooling is part-funded to schools through the Trades Academy funding model.

87. I also propose to make a fiscally neutral transfer of Youth Guarantee funding within the Tertiary Tuition and Training MCA in Vote Tertiary Education of $2.769 million per annum ongoing, to fund an additional 2,000 Gateway places per annum from 2020. There will be no appropriation impact as such because the adjustment is within the Training for Designated Groups component of the MCA.
88. Details of these fiscally neutral adjustments are shown in the following table:

<table>
<thead>
<tr>
<th>All figures $m</th>
<th>2019/20</th>
<th>2020/21 &amp; Out years</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,000 additional Trades Academy places from 2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary-Tertiary Interface</td>
<td>12.205</td>
<td>24.410</td>
</tr>
<tr>
<td>Secondary Education - school resourcing funding</td>
<td>(5.382)</td>
<td>(10.764)</td>
</tr>
<tr>
<td>Tertiary Tuition and Training MCA - Youth Guarantee fees-free</td>
<td>(6.823)</td>
<td>(13.646)</td>
</tr>
<tr>
<td>2,000 additional Gateway places from 2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tertiary Tuition and Training MCA - Gateway</td>
<td>1.385</td>
<td>2.769</td>
</tr>
<tr>
<td>Tertiary Tuition and Training MCA - Youth Guarantee fees-free</td>
<td>(1.385)</td>
<td>(2.769)</td>
</tr>
</tbody>
</table>

**Legislative Implications**

89. There are no direct legislative implications stemming from the policy decisions in this Cabinet paper.

**Impact Analysis**

90. There are no direct regulatory impacts stemming from the policy decisions in this Cabinet paper.

**Human Rights**

91. There are no direct human rights implications stemming from the policy decisions in this Cabinet paper.

**Gender Implications**

92. There will be opportunities through the initiatives detailed in this paper to address the low participation of women in some traditional trades (like plumbing and building).

**Disability Perspective**

93. The Office for Disabilities Issues has commented that disabled learners and those with additional learning support needs should be explicitly included as a target population of these initiatives to ensure this group does not miss out on opportunities from vocational education. I have therefore included disabled learners, as a group for additional ‘targeted engagement’ under Initiative 1 – An integrated marketing campaign.

94. I will also direct officials to work and engage with disabled learners, their whānau, and key stakeholders in the disability sector, during the detailed design of these four initiatives to help ensure that disabled learners are effective engaged with and supported into the vocational education system.

**Publicity**

95. I intend to announce the additional Trades Academy and Gateway places as soon as possible following Cabinet decisions. The Ministry and TEC will also communicate directly with Trades Academy Lead Providers and schools regarding the additional places and the processes of allocating them. I expect to make announcements on the three other initiatives detailed in this paper in due course.
Proactive Release

96. I propose to release this paper and its annexes proactively. The release will be subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Education recommends that the Committee:

1. **note** that on 22 July 2019, Cabinet agreed to the Reform of Vocational Education (RoVE) to create a strong, unified, sustainable system for all vocational education that delivers the skills that learners, employers and communities need to thrive [CAB-19-MIN-0354].

2. **note** that maintaining and growing participation in vocational education will be critical, particularly through the transition to the new system

3. **agree** to a suite of initiatives that will raise the profile and strengthen the pipeline into the vocational education system (to be funded from expected Fees Free underspends) including:

   3.1. An integrated marketing and promotion campaign, which will be administered by the Tertiary Education Commission

   3.2. Events that connect schools, communities, and employers, which will be administered by the Ministry of Education

   3.3. A new education-to-employment brokerage service, which will be administered by the Ministry of Social Development with the intention of being delivered via contracts with regional economic development agencies (or similar regional economic-focused organisations).

Operating Initiatives Costings

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
<th>2023/24 &amp; out-years</th>
</tr>
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<tbody>
<tr>
<td>Marketing and Promotion</td>
<td>$ 9(2)(b)(ii)</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>School-Employer Connections</td>
<td>1.472</td>
<td>1.028</td>
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<td>Education-to Employment Brokerage</td>
<td>1.500</td>
<td>3.000</td>
<td>1.500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Operating</td>
<td>$ 9(2)(b)(ii)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
4. **approve** the following fiscally neutral adjustments to provide for the policy agreed to in recommendation 3 above, with no impact on the operating balance or net core Crown debt:

<table>
<thead>
<tr>
<th>Vote Education</th>
<th>Minister of Education</th>
<th>Multi-Category Expenses and Capital Expenditure:</th>
<th>Improved Quality Teaching and Learning MCA</th>
<th>Departmental Output Expense:</th>
<th>Support and Resources for Teachers (funded by revenue Crown)</th>
</tr>
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<td></td>
<td>$\text{9(2)(b)(ii)}$</td>
</tr>
<tr>
<td>Vote Tertiary Education</td>
<td>Minister of Education</td>
<td>Non-Departmental Output Expense:</td>
<td>Administration of and Support for the Tertiary Education and Careers Systems</td>
<td></td>
<td>$\text{9(2)(b)(ii)}$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Multi-Category Expenses and Capital Expenditure:</td>
<td>Tertiary Tuition and Training MCA</td>
<td>Non Departmental Other Expenses:</td>
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<td>Minister for Social Development</td>
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<td>Edit</td>
<td>1.500</td>
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<td>Total Operating</td>
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</tbody>
</table>
5. note that Cabinet invited the Minister of Education to report back to Cabinet by December 2019 on a more detailed strategy for managing the fiscal implications of the Reform of Vocational Education, including managing costs through reprioritisation of existing tertiary education funding

*Increased investment in Gateway and Trades Academy places*

6. note that demand for Youth Guarantee fees-free places is declining, while there continues to be strong demand for Trades Academy and Gateway places, therefore I am seeking to shift investment to align with learner demand

7. agree to a fiscally neutral transfer of Youth Guarantee funding within the Vote Tertiary Education Tertiary Tuition and Training Multi-Category Appropriation (MCA): Training for Designated Groups component of $2.769 million per annum ongoing to fund an additional 2,000 Gateway places per annum from 2020

8. note that and there will be no appropriation impact for this funding transfer because the adjustment is within the Training for Designated Groups component of the Tertiary Tuition and Training MCA

9. note that the proposals will increase funded Trades Academy places from 7,250 to 9,250 per annum from 2020

10. approve the following fiscally neutral adjustments to fund additional Trades Academy places from 2020 from under-utilised Youth Guarantee fees-free funding and a consequential administrative shift of secondary education funding for changes to Trades Academy places agreed in recommendation 12 above, with no impact on the operating balance:

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>2019/20</td>
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<tr>
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11. agree that the proposed changes to appropriations for 2019/20 in recommendations 4 and 10 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.
12. **note** that I intend to announce the additional Trades Academy and Gateway places following Cabinet decisions, and will make announcements on the three other initiatives in due course.

Authorised for lodgement

Hon Chris Hipkins

Minister of Education
Annex one: overview of initiatives to raise the profile and strengthen the pipeline into vocational education

| Initiative 1 - An integrated marketing and promotions campaign | This initiative involves an integrated marketing campaign to promote vocational education as a desirable pathway, where you can earn while you learn. Key audiences include employers, parents and whānau, and learners (including school leavers and adult learners). | This initiative is estimated to cost $9.2bn over the 2019/20 and 2020/21 financial years, with a $3.1bn cost for the following two years, and will be funded through expected Fees Free underspends. | TEC |
| Initiative 2 - Events that connect schools, communities, and employers | These events will showcase trades and 'earn while you learn' pathways. This initiative includes:  - Expanding a programme to support up to 140 additional careers events until the end of 2020.  - Creating a contestable fund to support secondary schools to run their own trades events. | This initiative is estimated to cost a total of $2.5m over two years and will be funded through expected Fees Free underspends. | MoE |
| Initiative 3 - A new education-to-employment brokerage service | This initiative involves funding up to 20 new brokerage positions based at regional Economic Development Agencies (EDAs), or similar economic-focused regional organisations, for two years beginning in early 2020. These brokers will liaise with schools and employers in their region to highlight local trades and vocational opportunities for students, helping to build stronger connections between these different groups. While this will not be a government role, this initiative will align with the Government’s employment strategy and complement existing government initiatives. | This initiative will cost a total of $6m over three fiscal years, funded through expected Fees Free underspends. | MSD |
| Initiative 4 - Increased investment in Trades Academy and Gateway places | This initiative will help build the pipeline of secondary school students going into higher-level vocational education when they leave school. This includes funding:  - 2,000 additional Trades Academy places for 2020 ongoing, bringing total placements up to 9,250.  - 2,000 additional Gateway places for 2020 and ongoing, bringing total places to around 16,000. | 2,000 additional Trades Academy places will cost $24.4m per annum and will be funded through a $13.6m reprioritisation of Youth Guarantee fees-free funding and a $10.8m fiscally neutral adjustment of secondary school funding built into the Trades Academy funding model. 2,000 additional Gateway places will cost $2.8m per annum, and will be funded through a reprioritisation of Youth Guarantees fees-free funding. | MoE and TEC |
Raising the Profile and Strengthening the Pipeline into Vocational Education

On 25 September 2019, the Cabinet Social Wellbeing Committee:

1. **noted** the proposal in the submission under SWC-19-SUB-0138 to raise the profile and strengthen the pipeline into vocational education;

2. **invited** the Minister of Education to provide an updated paper to Cabinet on 30 September 2019, revised as appropriate in light of the discussion at the meeting.

Jenny Vickers
Committee Secretary
Raising the Profile and Strengthening the Pipeline into Vocational Education

On 30 September 2019, following reference from the Cabinet Social Wellbeing Committee, Cabinet:

1. **noted** that on 22 July 2019, Cabinet agreed to the Reform of Vocational Education to create a strong, unified, sustainable system for all vocational education that delivers the skills that learners, employers and communities need to thrive [CAB-19-MIN-0354];

2. **noted** that maintaining and growing participation in vocational education will be critical, particularly through the transition to the new system;

3. **agreed** to a suite of initiatives that will raise the profile and strengthen the pipeline into the vocational education system (to be funded from expected Fees Free underspends), including:
   
   3.1 **an integrated marketing and promotion campaign, which will be administered by the Tertiary Education Commission**;
   
   3.2 **events that connect schools, communities, and employers, which will be administered by the Ministry of Education**;
   
   3.3 **a new education-to-employment brokerage service, which will be administered by the Ministry of Social Development with the intention of being delivered via contracts with regional economic development agencies (or similar regional economic-focused organisations)**:

### Operating Initiatives Costings

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<td>Vote Education</td>
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<tr>
<td><strong>Minister of Education</strong></td>
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<td><strong>Improved Quality Teaching and Learning</strong> MCA</td>
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<td><strong>Minister of Education</strong></td>
<td><strong>Non-Departmental Output Expense:</strong></td>
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<td>-</td>
</tr>
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</table>

**noted** that Cabinet invited the Minister of Education to report back to Cabinet by December 2019 on a more detailed strategy for managing the fiscal implications of the Reform of Vocational Education, including managing costs through reprioritisation of existing tertiary education funding [CAB-19-MIN-0344];
Increased investment in Gateway and Trades Academy places

6 noted that demand for Youth Guarantee fees-free places is declining, while there continues to be strong demand for Trades Academy and Gateway places, therefore the Minister of Education is seeking to shift investment to align with learner demand;

7 agreed to a fiscally neutral transfer of Youth Guarantee funding within the Vote Tertiary Education Tertiary Tuition and Training Multi-Category Appropriation (MCA): Training for Designated Groups component of $2.769 million per annum ongoing to fund an additional 2,000 Gateway places per annum from 2020;

8 noted that there will be no appropriation impact for this funding transfer because the adjustment is within the Training for Designated Groups component of the Tertiary Tuition and Training MCA;

9 noted that the above decisions will increase funded Trades Academy places from 7,250 to 9,250 per annum from 2020;

10 approved the following fiscally neutral adjustments to fund additional Trades Academy places from 2020 from under-utilised Youth Guarantee fees-free funding and a consequential administrative shift of secondary education funding for changes to Trades Academy places agreed in paragraph 7 above, with no impact on the operating balance:

<table>
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<tbody>
<tr>
<td></td>
<td>2019/20</td>
</tr>
<tr>
<td>Vote Education Minister of Education Non-Departmental Output Expenses:</td>
<td></td>
</tr>
</tbody>
</table>

11 agreed that the changes to appropriations for 2019/20 in paragraphs 4 and 10 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

12 noted that the Minister of Education intends to announce the additional Trades Academy and Gateway places following Cabinet decisions, and will make announcements on the three other initiatives in due course.

Michael Webster
Secretary of the Cabinet