



Education Report: Targeted areas from 2021 for the Targeted Training and Apprenticeship Fund

To:	Hon Chris Hipkins, Minister of Education		
Date:	4 December 2020	Priority:	High
Security Level:	In confidence	METIS No:	1244960
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Purpose

This paper seeks your agreement to additional target areas for the Targeted Training and Apprenticeship Fund in 2021, which need to be considered by the Employment, Education and Training Ministers Group.

Summary

In June 2020, Cabinet agreed to the target areas related to industry skill needs for non-apprenticeship training and tertiary education provision covered by Targeted Training and Apprenticeship Fund (TTAF). Given the uncertainty around the impact of COVID-19 on industries, Cabinet agreed that Employment, Education and Training (EET) Ministers would set updated target areas for 2021.

For 2021, we propose to maintain existing target areas, add two additional target areas, and expand the scope of community support to include some other areas, as follows.

- Conservation, including support for the training needs of Jobs for Nature;
- Information technology, including cybersecurity, software testing, technical support and web development; and
- Community support, including youth work, mental health and addiction support, care for elderly, support for people with disabilities (*including teacher aide*), interpreting, and community health (*including enrolled nursing and cleaning*) [expanded scope from 2021].

The EET Ministers Group currently have no set meetings before the end of this year. If no meetings take place, alternative options for seeking agreement have been discussed with your office. This includes providing a paper for agreement to the EET Ministers, or a sub-group of EET Ministers. Attached is a paper that outlines the rationale for including these additional areas from 2021 that can be forwarded to EET Ministers.

We are not seeking additional funding for the small fiscal impact. The main fiscal risk for TTAF funding is from enrolments over 2021 and 2022 for both apprenticeships, and the existing targeted areas with larger numbers of enrolments, such as construction or primary industries.

Recommended actions

The Ministry of Education recommends you:

Target areas

- a. **note** that Cabinet agreed to the target areas, related to industry areas, that the Targeted Training and Apprenticeship Fund would target from 1 July 2020:
 - i. Primary industries, including agriculture, horticulture and viticulture, fisheries (including aquaculture) and forestry;
 - ii. Construction, including building, plumbing, and civil engineering;
 - iii. Community support, including youth work, care for elderly, care for people with disabilities, counselling, interpreting, and community health;
 - iv. Manufacturing and mechanical engineering and technology;
 - v. Electrical engineering; and
 - vi. Road transport (vehicle operations)
 - b. **note** that Cabinet agreed that Employment, Education and Training Ministers Group would agree to any updates for 2021 to the target areas for the Targeted Training and Apprenticeship Fund
 - c. **agree** to expand the target areas for the Targeted Training and Apprenticeship Fund from 1 January 2021 to include:
 - i. Conservation, including support for the training needs of Jobs for Nature;
 - ii. Information technology, including cybersecurity, software testing, technical support and web development; and
 - iii. Community support, including youth work, mental health and addiction support, care for elderly, support for people with disabilities (including teacher aide), interpreting, and community health (including enrolled nursing and cleaning) [expanded scope from 2021]
- Agree** Disagree
- d. **agree to forward**, subject to your agreement to the proposals in recommendation (c), the attached paper to Employment, Education and Training Ministers Group, or a sub-group of them, for their agreement

Agree Disagree

Other settings

- e. **note** that settings for the Targeted Training and Apprenticeship Fund, which will be reflected in policy settings for funding tertiary education organisations, were delegated to you by Cabinet [CAB-20-MIN-0247 refers]
- f. **note** that besides proposed additions to the target areas, there are no significant changes being proposed to the policy settings for the Targeted Training and Apprenticeship Fund

Need to finalise settings and communicate them to the sector and students

- g. **note** to inform tertiary education organisations and students what is covered in the Targeted Training and Apprenticeship Fund for 2021, decisions on settings and an updated delegation need to be agreed to by mid-December, and the updated funding delegation for Fees Free Tertiary Education and Training and Targeted Training and Apprenticeship Fund will be provided to you next week.



Katrina Sutich
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Graduate Achievement, Vocations
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04/12/2020



Hon Chris Hipkins
Minister of Education

5 /12/ 2020

Proactively Released

Background

1. The Targeted Training and Apprenticeship Fund (TTAF) was introduced as part of a broader Trades and Apprenticeships Training package, including the Apprenticeship Boost. The TTAF made a range of targeted vocational education and training programmes, including all apprenticeships, fees-free for all learners from 1 July 2020 until 31 December 2022.
2. The COVID-19 Response and Recovery Fund appropriated \$320 million for TTAF to Fees Free payments. This was the additional funding appropriated, as some of the estimated costs would be met within the existing Fees Free payments appropriation baseline. This was because some learners gaining TTAF would have received Fees Free Tertiary Education and Training without TTAF, as they were fees-free eligible learners.
3. The Tertiary Education Commission (TEC) provided some preliminary information to you on enrolments within programmes that are covered from TTAF on 30 September 2020 [B-20-00674 refers].

Target areas for 2021

4. Cabinet agreed to refined target areas for 2021 being set by EET Ministers, as additional training needs could be needed due to further labour market changes or due to other government initiatives as part of the response to COVID-19 that support economic recovery.
5. For 2021, we propose to maintain existing target areas, add two additional target areas, and expand the scope of community support to include some other areas.
 - Conservation, including support for training needs of Jobs for Nature; *[Added from 2021]*
 - Information technology, including cybersecurity, software testing, technical support and web development *[Added from 2021]*; and
 - Community support, including youth work, mental health and addiction support, care for elderly, support for people with disabilities (*including teacher aide*), interpreting, and community health (*including enrolled nursing and cleaning*) *[expanded scope from 2021]*.
6. The attached paper is a summary and outlines the rationale for the additional target areas for the TTAF and an expanded scope for the community support area. We are seeking your feedback on the proposed changes to target areas, and the process for engaging EET Ministers.
7. The proposed target areas for 2021 are informed by:
 - government agency advice on impact of global COVID-19 pandemic on industries, and growth track projections
 - indicative advice from the interim Regional Skills Leadership Groups
 - government initiatives to support COVID-19 recovery, such as the broader Trades and Apprenticeships package and Jobs for Nature
 - maintaining a focus on the purpose: invest in workforce skills through training programmes, especially for people who no longer have work and may need to retrain for a different industry, and target particular industry skill needs where demand from employers (including those in the community services sector)

will continue to be needed, or is expected to grow, during the economic recovery.

8. There has also been a wide range of correspondence sent to you, the Ministry or the TEC, from the public, students, trainees, tertiary providers, professional associations and other stakeholders on training areas and qualifications covered within TTAF. This correspondence has informed the target areas for 2021. However, some of this correspondence raised training that require degree-level study, such as health-related professions and teaching, and are outside the scope of the TTAF.
9. Below is further information on the proposed changes to the target areas in 2021.

Information technology

10. With attention turning to New Zealand's economic recovery and future growth, the digital technologies sector could play an increasingly important role. A strong skills pipeline is a critical foundational element for the success of this sector.
11. While digital technology is a growth industry, and there are ongoing skill needs, many of these growth areas and skill needs relate to higher-level qualifications. Due to the dominance of high skill needs from degree or higher qualifications, we did not include digital technology industry or information technology areas within TTAF.
12. Feedback from sector and stakeholder groups, such as IT Professionals NZ and NZTech, queried the non-inclusion of information technology (IT) or digital technology from the target areas. The interim Regional Skills Leadership Groups (RSLGs) have also identified technology as a skills gap within some regions.
13. There are a range of courses at sub-degree level focussed on skills for IT professions, such as cybersecurity, software testing, as well as more general technical support, that would meet ongoing skill needs. Following the impact of COVID-19, there has also been a greater reliance on online services and remote working. As a result, demand for skills in these areas may be further increased from ongoing changes in how people work, communicate and carry out activities.
14. Most of the sub-degree training supports roles in specific functions in IT infrastructure or processes, rather than creative digital technology skills for designing or creating. These may be within the digital technology industries as a service, but also roles within broader industries that can lift productivity.
15. Including information technology also diversifies the provision within TTAF available for learners studying at tertiary providers from trades, primary industries or community support areas.
16. We recommend including Information technology as a target area for TTAF from 2021. Based on current volumes in 2020, we estimate that this will support approximately 1,500 equivalent full-time students (EFTS), with an additional cost of around \$7 million per annum.

Conservation, environmental sustainability and Jobs for Nature

17. Conservation and environmental sustainability have been raised by government agencies, the sector and stakeholders as a target area. We have discussed TTAF coverage for the existing target area of primary industries, and new areas of conservation, and environmental sustainability with the Ministry for the Environment, Department of Conservation and Ministry for Primary Industries. These agencies are also working

together on Jobs for Nature, a \$1.245 billion package to support jobs and the environment. Some existing training covered by TTAF to support primary industries areas, such as fencing or horticulture, also supports conservation like planting, weed control and fencing off waterways, as the skills are the same.

18. We propose including conservation, including support for the training needs of Jobs for Nature within TTAF. Current areas of the training for Jobs for Nature could mostly be covered by primary industries or new area of conservation. However, this will make it explicit that TTAF can support training for Jobs for Nature, that relate to improving freshwater, biosecurity and biodiversity. Not all of the training needs of Jobs for Nature will be delivered through tertiary education, as some will have other training options. Conservation-related areas, not covered by primary industries already, are relatively small areas of current provision, but could grow as Jobs for Nature initiatives look at further training options.
19. We do not propose specifically including environmental sustainability qualifications. They mainly include a level 5 certificate and a level 6 diploma. A significant portion of learners taking these two qualifications are using them as the first two years of a three-year degree. While people can use sub-degree qualifications to transition to higher-level study, these specific environmental qualifications are a strong part of learners completing a science degree-level programme, which is outside the scope of TTAF. However, some of the learning within these courses could be covered within TTAF if they were delivered in training arrangements that linked to the skill needs of Jobs for Nature initiatives.

Expanded scope in community support

Enrolled nursing

20. Most nursing is at degree or post-graduate level. While these ongoing skill needs are outside the scope of the fund, enrolled nursing is a level 5 certificate with 18 months of training, including work-placements. We considered this for inclusion from July 2020, given its relevance to community health and aged care. However, as the main shortages are for registered nurses, requiring degree-level training, we did not include a lower-skilled nursing qualification. We have reconsidered and propose to now include, as the Ministry of Health have indicated there is an ongoing skill need for enrolled nurses within health and aged care sectors. This workforce can also reduce skill gaps at registered nurse, as it can free-up registered nurses to undertake higher-skilled tasks in healthcare settings. Table 1 in the attachment outlines that the cost is a moderate increase at around \$1m per annum.

Cleaning

21. We received submissions from Building Service Contractors Inc (the commercial cleaning industry body of New Zealand) and Careerforce transitional industry training organisation, to include cleaning as a target area for TTAF. Both noted that commercial cleaning is a sector that continually faces workforce shortages and is often reliant upon a migrant workforce.
22. Cleaners work across many sectors and support overall community health, as highlighted by the global COVID-19 pandemic. This has been especially important for the health and aged care sectors. Careerforce has waived its standard fees for cleaning trainees until 31 December 2020 to support these training needs, and due to fees often being a barrier for these trainees, or their employers.
23. We recommend including cleaning as a target area for TTAF. Cleaning is an area where skills can be undervalued but may need additional training and support. Most of the

training undertaken in cleaning qualifications through industry training is for those working in health or aged care sector, which are also target areas for TTAF. As shown in table 1 in the attachment, the cost of covering this area is low, due to low volumes and low cost of the training.

Support for people with disabilities (teach NZSL and teacher aide)

24. Currently coverage to support people with disabilities within community support target area is focussed on care-related training. There is a need for trained people to teach NZSL within the Deaf community, as well as people in the wider community. There is currently one programme that teaches those fluent in NZSL how to teach others NZSL. We propose this is also included within the scope of community support.
25. As part of supporting a workforce capable of teaching NZSL, the Ministry of Education has a scholarship for participants in this course. In 2020, five people benefited through scholarship payments of \$3,000 per year of the programme, when there are 20 people in an intake. The scholarship can cover a range of costs for study, not just fees, such as transport to participate in face-to-face delivery components of the programme. It could continue to support these costs if there were no longer tuition-based costs during the period of TTAF.
26. Teacher aide roles support children with disabilities, as well as those with other learning challenges, learn within the education system. The teacher aide pay equity settlement recognised the value, skills and responsibilities of these roles. We propose covering teacher aide qualifications as it is an ongoing skill need, and it helps build workforce capability and recognises the skills this workforce offers to support those with disabilities, or learning challenges, to participate and achieve within education.
27. The Ministry, through the pay equity settlement also provided access to professional development opportunities to teacher aides. A pilot professional development fund of \$2.29 million from 1 July 2020 for 18 months will support schools (up to \$1,500 per teacher aide) with course fee costs and compensate the time of teacher aides to attend the course. Most of the training is focussed on professional development courses and not qualifications within the tertiary education system. However, there are some teacher aide qualifications offered by tertiary providers, such as the NZ Certificate in Education Support (level 4). These teacher aide qualifications have been developed by tertiary providers to be delivered to fit the time commitments of working teacher aides, with many online, and at low cost fees for teacher aides or their schools. We propose that teacher aide qualifications are included from 2021 to support the disability community, meet ongoing skill needs, and to complement the existing work increasing skills in the teacher aide workforce.
28. As table 1 in the attachment outlines, the cost for covering these two areas is low, as volumes are small and fees charged for teacher aide training are also low.

Gaps in coverage due to no provision delivered by tertiary providers

29. While we have included areas of training for the workforce that support people with disabilities, there are training gaps within the funded tertiary education system for specific training needs for those working with people with disabilities across health, education and social services. Many funded qualifications focus on general caring or support roles, with the specific training related to specialist knowledge of types of disabilities or learning challenges, such as those with Autism Spectrum Disorder, met outside the tertiary education system, through courses developed and run by charitable organisations that have a role supporting and advocating for disability issues.

30. A potential gap in TTAF coverage for training in community budgeting services was identified in previous advice in June 2020. The Ministry subsequently discussed training needs with the FinCap, who are funded by the Ministry of Social Development, and support training needs of services building financial capability. They identified gaps around training for these specific financial services on the NZ qualification framework, and have developed their own training. However, some community budgeting services access industry training towards NZ Certificates in Health and Wellbeing, even though these are not specific to their financial advice role. While current offering through tertiary education could meet their needs better, the current training accessed are covered by TTAF through community support.
31. The future workforce development councils, and new qualifications or micro-credentials could address these training gaps within the funded tertiary education system.

Recommended target areas for 2021

32. We propose that the targeted areas for TTAF from 1 January 2021 include the following:
- Primary industries, including agriculture, horticulture and viticulture, fisheries (including aquaculture) and forestry;
 - Conservation, including support for the training needs of Jobs for Nature *[Added from 2021]*;
 - Construction, including building, plumbing, and civil engineering;
 - Community support, including youth work, mental health and addiction support, care for elderly, support for people with disabilities (*including teacher aide*), interpreting, and community health (*including enrolled nursing and cleaning*) *[expanded scope from 2021]*;
 - Manufacturing and mechanical engineering and technology;
 - Electrical engineering;
 - Information technology, including cybersecurity, IT testing, technical support and web development *[Added from 2021]*; and
 - Road transport (vehicle operations).
33. Note that within community support we have removed counselling from the description and specified mental health and addiction support instead. This was confusing to the sector and students as counselling skills related to working in mental health, addiction and family violence contexts, with counselling as a specific qualification being focussed at bachelor's degree-level and not covered by TTAF.

Fiscal impact

34. The changes we are proposing for TTAF coverage with additional target areas and expanded scope of community support are relatively minor. They amount to around 2,300 EFTS per annum in current volumes. Overall volumes within TTAF are around 50,000 apprentices per year (based on current volumes) and an estimated 13,000 EFTS in provider-based TTAF programmes over a full year. These overall volumes are expected to change with the economic impact of COVID-19 in 2021 and 2022. Any fiscal risk will come from volumes for existing coverage exceeding the forecasts, not the minor changes to coverage being proposed.

Next Steps

EET Ministers engagement on target areas

35. Subject to your agreement on the proposed target areas, forward the attached paper to EET Ministers on the proposed additional target areas for TTAF from 2021. We can provide a cover note to circulate this paper.

Updated Fees Free delegation

36. We will provide a 2021 funding delegation for Fees Free Tertiary Education and Training and Targeted Training and Apprenticeship Fund the week of the 7 December, in-line with deadlines for papers needing a decision in 2020.
37. The policy changes to Fees Free Tertiary Education and Training from 2021, that will be reflected in the delegation, were agreed to in September 2020 [METIS 1239349 refers].
38. The changes to target areas will need to be reflected in the updated delegation for TTAF. There are no other substantive changes to the settings for TTAF that will be changed in the delegation. Some additions will be made to support managing the ongoing risk from unregulated industry training fees that reflect the TEC's ongoing work with transitional industry training organisations (TITOs) to manage risks around fees.

Communications

39. The main priority is to communicate to prospective students and tertiary education organisations any changes to the target areas for TTAF. Students need to know to make informed study choices, and providers need to be informed to plan. TEC will need to develop an eligible programme list from the additional targeted areas for provider-based provision that will apply from 1 January 2021.
40. Within industry training, less change is proposed, and TEC will engage with TITOs, in refining eligible programmes.