

Cabinet Paper material

Proactive release

Minister & portfolio Hon Chris Hipkins, Minister of Education
Name of package Continuing the Ka Ora, Ka Ako | Healthy School Lunches programme
Date considered 22 March 2021
Date of release 28 May 2021

These documents have been proactively released:

Cabinet paper: Continuing the Ka Ora, Ka Ako | Healthy School Lunches programme
22 March 2021
Minister of Education

Cabinet Minute: CAB-21-MIN-0079
22 March 2021
Cabinet Office

Cabinet Minute: SWC-21-MIN-0021
17 March 2021
Cabinet Office

Associated papers:

Briefing Note: Talking points for SWC item – Continuing Ka Ora, Ka Ako
12 March 2021
Ministry of Education

Aide Memoire: Draft Cabinet Paper: Continuing Ka Ora, Ka Ako
21 January 2021
Ministry of Education

Education Report: Continuing the Ka Ora, Ka Ako | Healthy School Lunches
27 November 2020
Ministry of Education

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.

The applicable withholding grounds under the Act are as follows:

Section 9(2)(a) to protect the privacy of natural persons

Section 9(2)(f)(iv) to protect the confidentiality of advice tendered by Ministers of the Crown and officials

Section 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinion

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.

You can read the Official Information Act 1982 here:

<http://legislation.govt.nz/act/public/1982/0156/latest/DLM64785.html>

Budget Sensitive

Office of the Minister of Education

Chair, Social Wellbeing Committee of Cabinet

Continuing the Ka Ora, Ka Ako | Healthy School Lunches programme

Proposal

1. This paper provides an update on the Ka Ora, Ka Ako | Healthy School Lunches programme and proposes that the programme be funded for two additional calendar years (2022 & 2023) from the COVID-19 Response and Recovery Fund (CRRF), at a total operating and capital cost of \$529.018m. 9(2)(f)(iv)

Relation to Government Priorities

2. Our commitment to Ka Ora, Ka Ako is stated in our 2020 Manifesto commitment¹ and the Speech from the Throne.²
3. Ka Ora, Ka Ako contributes to addressing inequality and creating a fair Aotearoa, in line with this Government's priority to lay the foundations for the future. It contributes to the outcomes of the Child and Youth Wellbeing Strategy, including that 'children and young people 'have what they need' by helping families with the cost of essentials. The programme supports our commitment to provide barrier-free access to great education outcomes and opportunities for all learners.
4. The programme also supports our recovery from the economic impacts of the COVID-19 pandemic by stimulating local economies and creating quality job opportunities.

Executive Summary

5. In April 2019, Cabinet agreed to fund and implement a prototype of a free and healthy school lunch programme (CAB-19-MIN-0329 refers). The prototype was intended to provide a daily free and healthy lunch to all students in participating primary, area and composite schools and kura. The prototype targeted schools with the highest concentrations of socioeconomic disadvantage in three education regions. Implementation commenced in Term 1 2020.
6. As part of the previous government's COVID-19 Response and Recovery Fund, the programme was expanded to the 25 per cent of children and young people in years 1 to 15 nationwide in schools with the highest concentrations of socioeconomic disadvantage. The expansion was funded until the end of the 2021 school year.
7. Consistent with our 2020 Manifesto Commitment, I am now proposing to continue the programme until the end of the 2023 school year funded from the COVID-19 Response and Recovery Fund. The programme will continue to make a substantial

¹ We're building a stronger, fairer education system by...rolling out the Free and Healthy School Lunches programme to a quarter of all school-aged children.

² The Government will... extend the Free and Healthy Lunch programme to cover 200,000 students.

contribution to our recovery from the COVID-19 pandemic by reducing food insecurity, stimulating local economies and supporting 2,000 quality jobs in local communities.

Background

8. In April 2019, Cabinet agreed to fund and implement a prototype of a free and healthy school lunch programme (CAB-19-MIN-0329 refers). The prototype was intended to provide a daily free and healthy lunch to all Year 1 to 8 students in participating schools. The prototype targeted the 20 per cent of schools with the highest concentrations of socioeconomic disadvantage as identified using the Ministry of Education's Equity Index.³ The policy objectives of the prototype were to:
 - 8.1. assist with the development of a robust implementation design;
 - 8.2. gather real-time evaluative information to support future policy and investment decisions regarding a free and healthy school lunch programme; and
 - 8.3. help to ensure students in participating schools and kura have their basic needs met, by directly addressing food insecurity in school.
9. While the prototype initially focussed on Years 1-8 students, this was expanded prior to implementation to include Year 9-15 students in participating schools and kura (CAB-19-MIN-0651 refers). The prototype is time limited until the end of the 2021 school year.
10. As part of the previous government's COVID-19 Response and Recovery Fund, the programme was expanded to the 25 per cent of children and young people in years 1 to 15 nationwide in schools with the highest concentrations of socioeconomic disadvantage (CAB-20-MIN-0219). The expansion is time limited until the end of the 2021 school year.
11. As part of the 2020 Labour Party Manifesto, we committed to expand the programme to cover approximately 200,000 students in 2021. This was formalised as a Government commitment in the Speech from the Throne at the opening of the 53rd Parliament.
12. In April 2019, Cabinet invited me to report back on implementation of the prototype in December 2020 (CAB-19-MIN-0329 refers). Given the delay to the 2020 General Election and associated impacts on the sitting schedule for Cabinet, I am providing this report back to you today. I am also including an update on the implementation of the expansion.

Update on the implementation of Ka Ora, Ka Ako

Implementation of the School Lunches Prototype commenced in Term 1 2020

13. Budget 2019 provided contingency funding for the prototype, to reach up to 21,000 students in three education regions in Aotearoa New Zealand: Bay of Plenty | Waairiki, Hawke's Bay | Tairāwhiti and Otago | Southland. The funding is time limited and the prototype is scheduled to conclude at the end of the 2021 school year.

³ The Equity Index for schools is created using an integrated set of variables that are statistically linked with socio-economic disadvantage and educational achievement. The Equity Index considers the whole school population when assessing the level of socioeconomic disadvantage in a school.

14. The prototype utilises primarily small-scale, local providers to serve the schools and kura, fostering community ownership, partnerships and responsive approaches. Nutrition guidelines for schools and suppliers were jointly developed with the Ministry of Health to ensure the lunches are of sufficient quality. Adherence to the guidelines is monitored by the Ministry of Education.

The Programme was expanded as part of the previous Government's COVID-19 Response

15. As part of the Government's COVID-19 Response and Recovery Fund, the programme was expanded to the 25 per cent of children and young people in years 1 to 15 nationwide (approximately 190,000 additional students) in schools with the highest concentrations of socioeconomic disadvantage.
16. This initiative was intended to help cushion the blow of the COVID-19 pandemic's impacts on families, particularly those already socio-economically disadvantaged and experiencing heightened financial stress, job and income losses.
17. Operationalising the expansion has required some changes to how the programme was implemented compared to the smaller-scale prototype. For example, officials have:
 - 17.1. included additional schools (approximately 3 per cent) located geographically near eligible schools to prevent network instability caused by students changing schools to access the programme;
 - 17.2. expanded the portfolio of suppliers and set up a tiered procurement process for larger suppliers to ensure capacity and capability to provide lunches to larger schools (400-2,000+ students) and groups of schools; and
 - 17.3. actively focussed on maximising local employment opportunities and ensuring employees of contracted providers are paid a 'Living Wage' equivalent, in response to the economic challenges caused by the COVID-19 pandemic.
18. In Term 1 this year, approximately 144,000 young people in 660 schools nationwide will receive a healthy lunch each day. Once fully implemented during Term 2, the programme as a whole (including the original prototype and the expansion), will serve approximately 214,000 students per day in 965 schools nationwide and create approximately 2,000 jobs in local communities.
19. Funding for the programme is time-limited until the end of the 2021 calendar year and any continuation of the programme will require additional funding.
20. The table at Annex 2 sets out the high-level implementation timeline for the programme since its establishment in April 2019.

Models of Provision

21. Schools can choose from either an internal or external model of provision, as suits their school community's needs and their available facilities.
22. The internal model involves schools arranging food preparation onsite and employment of staff directly. This model works best for those schools with existing adequate kitchen facilities. Approximately 17 per cent of schools (145 schools) have chosen this model to date.

23. The external model involves local businesses, from cafes through to larger food suppliers, preparing and delivering lunches to the school. Officials have established a tiered procurement approach to delineate between small and large suppliers and included local employment as a requirement for larger suppliers in the tender documents. The external model works best for schools who do not have the existing facilities needed to adopt an internal model. Approximately 83 per cent of schools (685 schools) have chosen this model to date.
24. Access to capital funding for schools is by application and limited to minor capital items only, such as fridges, kitchen utensils and serving trays. Funding is not available for school property changes or new builds.

Evaluation

25. Since implementation commenced in Term 1 2020, officials have been learning continuously to improve the current implementation of the programme while also working to understand how an ongoing programme could work.
26. An evaluation reviewing the implementation and impacts of the prototype is a key feature of the prototype design. The first stage of the evaluation continuously reviewed the programme design and implementation approach. Findings from this stage of the evaluation are outlined below and at Annex 1. These have been used both to undertake real-time improvements in the delivery of the prototype and to inform the recommended approach for continued funding.
27. The second stage of the evaluation, for which data collection was recently completed, is an outcomes evaluation to assess the impact on short-term education, health, social and other wellbeing outcomes. Due to the disruption caused by the COVID-19 public health response and associated closure of schools, findings from this stage of the evaluation are now expected in mid-2021.
28. Key findings from implementation and the formative evaluation, further detailed at Annex 1, include:
 - 28.1. the initial average unit cost for lunches is \$5 for primary-aged students and \$7 for secondary-aged students;
 - 28.2. intermediate schools (years 7 and 8 only) have a higher average unit cost (\$6) for lunches than primary schools;
 - 28.3. there are upfront and ongoing costs to some schools to manage the programme;
 - 28.4. monitoring and contract management are key to the success of the programme;
 - 28.5. viability in schools that are small and/or remotely located is often a challenge due to their unique circumstances;
 - 28.6. verification of food safety and suitability will be an ongoing cost for the programme; and
 - 28.7. the average per-school allocation for minor capital items should account for the model of provision and size of a school roll.

29. The Ministry of Education is currently undertaking work to understand the scale of bespoke meals required (for example, for dietary or cultural reasons) and any operational implications arising from this.
30. The Ministry also advises that they are in a strong position to undertake a robust outcomes evaluation of the expanded programme. This will draw upon baseline data from the prototype and the established relationships to proceed. Many outcomes of the programme are expected to be realised in the medium term, and we may see some results in areas we will not see from the initial evaluation.
31. Continuing to evaluate the programme, including the outcomes for secondary schools (see paragraph 42 below), will ensure that we have a strong understanding of the impact of the programme 9(2)(f)(iv)
32. I will report back to the Social Wellbeing Committee on the wellbeing outcomes, efficacy and fiscal sustainability of Ka Ora, Ka Ako before December 2022.

Proposal

33. I am proposing to continue the Ka Ora, Ka Ako programme until the end of the 2023 school year funded from the Government's COVID-19 Response and Recovery Fund.
34. We know that food insecurity is a significant issue for many children and young people across Aotearoa. The COVID-19 pandemic has exacerbated the problem, with many families and whānau facing increased material hardship as a result of the global and local economic impacts. Continuing Ka Ora, Ka Ako will ensure our children and young people have a healthy lunch each day that encourages them to attend and engage meaningfully in their learning and meet their nutritional needs. The programme provides much needed stimulation to local economies and, once fully implemented, will support approximately 2,000 quality jobs that pay a living wage.
35. The scope and criteria for eligibility would remain at 25 per cent of children and young people nationwide in the schools with the highest concentrations of disadvantage, identified using the Equity Index. Officials would also continue to include the additional schools (approximately 3 per cent) to support network stability.
36. Maintaining the scope at 25 per cent of children and young people with universal provision of a daily healthy lunch within participating schools is aligned to the underlying policy intentions of the prototype and expansion, including to reduce food insecurity and support our recovery from the impacts of the COVID-19 pandemic.
37. Given the improved food security experienced in participating schools, many are in a strong position to improve the overall health and nutritional quality of other food and drinks available for purchase. The Ministry of Education is working to highlight best-practice in the adoption of healthy canteen policies in schools to support broader health outcomes.
38. I do not consider discontinuing the initiative a sensible option. Discontinuing the programme would see job losses and many children and young people returning to

either having no lunch at all or their families struggling to provide necessities. The expansion of the programme and associated level of funding committed, along with our stated commitment to continue the programme, have also created significant expectations by the schools, communities and contracted lunch providers that the programme will continue beyond 2021.

39. It would also be possible to scale this initiative by reducing the scope of eligibility from 2022. However, I do not consider this to be a viable option because it would:
- 39.1. limit the achievement of the underlying policy intentions to address food insecurity and support wellbeing, education and employment outcomes in response to the COVID-19 pandemic; and
 - 39.2. be inconsistent with our stated commitments to expand the programme to cover 200,000 young people.
40. Overall, the programme delivers much needed wellbeing and economic benefits to communities across Aotearoa that will help us to maintain a strong trajectory throughout our recovery from the impacts of the COVID-19 pandemic.

Ka Ora, Ka Ako in secondary schools

41. I propose to continue the inclusion of secondary schools within the expanded programme, through to at least the end of the funding proposed in this paper (i.e. through to the end of 2023). Food insecurity continues to be an issue and impacts on the wellbeing and education outcomes of secondary students, as well as primary students.
42. We have not had the same opportunity to evaluate the effectiveness of Ka Ora, Ka Ako in secondary schools as in primary schools, as secondary schools were not part of the original prototype. 9(2)(f)(iv)

Participation over time

43. The Equity Index is recalculated for each school on an annual basis to ensure it accurately reflects the children, young people and whānau at that school each year. This means that we will see some changes to eligibility for the programme, as schools fall in or out of the 25 per cent with the highest concentrations of socioeconomic disadvantage. While generally stable, there will be some inevitable movement around the margins of the 25 per cent. I do not consider these changes to be substantial enough to warrant removing schools from the programme who become ineligible per the Equity Index.
44. I recommend adopting a 'no losers' approach to eligibility, whereby schools that enter the 25 per cent are invited to join the programme, and those that depart the 25 per cent are able to maintain their programme. I also recommend maintaining the opportunity for schools who are invited and then decline to participate, to join the programme later if they decide to. To ensure this approach is sustainable and fit for purpose, I will direct officials to review this approach 9(2)(f)(iv)

Employment implications

45. The approximately 2,000 employment opportunities created and supported by the programme include a requirement for suppliers contracted to deliver the expansion to pay staff at least the equivalent of the Living Wage. This is consistent with our Manifesto commitment to progressively extend Living Wage guarantees to contractors to the public service.

Financial Implications

46. I am seeking to fund this programme through the COVID-19 Response and Recovery Fund because this approach:

46.1. is consistent with the intentions of the CRRF, namely, to cushion the blow of the pandemic and support our recovery as a nation from the impacts of the COVID-19 pandemic;

46.2. supports education, wellbeing and employment outcomes for New Zealanders experiencing economic distress and food insecurity that has been exacerbated by the COVID-19 pandemic; and

46.3. 9(2)(g)(i)

Table 1: Breakdown of costs (\$m)

Input	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears	Total
Food Provision	-	128.555	257.567	129.012	-	515.134
Departmental – FTE, Evaluation & IT maintenance	-	2.765	5.531	2.765	-	11.061
Food Safety & Suitability Verification	-	0.233	0.240	0.247	-	0.720
Ministry Capital Injection	-	0.964	0.000	0.000		0.964
School Capital Expenses	-	0.000	0.570	0.570	-	1.140
Total Operating	-	131.553	263.337	132.024	-	526.914
Total Capital	-	0.964	0.570	0.570	-	2.104

47. The key assumptions underpinning the cost of food provision include:

47.1. average cost of \$5 per lunch per primary-aged student;

47.2. average cost of \$6 per lunch per student in intermediate schools;

47.3. average cost of \$7 per lunch per student secondary-aged student; and

47.4. additional loadings for small schools (<80 students), remote schools (isolation index >2.9) and specialist schools to ensure viability and accessibility.

48. An estimated \$1,200 per school per year for the 20 per cent of schools expected to take up the internal model will be needed to fund the necessary food safety management and verification requirements.
49. A team will continue to be needed within the Ministry of Education to oversee and advise on implementation, governance and cross-agency collaboration. Within the team there is a need for specialist knowledge such as nutrition and food safety expertise, procurement and contract management. Regional advisors will continue to be responsible for relationship management, monitoring and engagement with suppliers, schools and communities.
50. The allocation of capital expenditure available to schools is limited to minor capital items (such as ovens, serving trays and fridges) and available by application from schools. The average per-school allocation accounts for the model of delivery and the size of the school roll. There is also a one-off capital expense to cover the cost of building an IT system to support the Ministry of Education to deliver the programme. Maintenance of the IT system is included as an operational expense.

Risks

9(2)(g)(i)

51. 9(2)(f)(iv)

Increasing Eligibility

52. Adopting a flexible approach to eligibility, as outlined in paragraphs 43-44 above, comes with some risks. Given the annual recalculation of the Equity Index, there is inevitable movement around the margins of the 25 per cent cut off. Not removing schools from the programme who move outside the 25 per cent margin means the number of schools and students eligible for the programme will increase over time.
53. Officials have analysed the Equity Index outputs for 2017, 2018 and 2019 to understand the amount of change and I do not consider it substantial enough to warrant removing schools from the programme.

Initial average costs

54. The average costs for meal provision outlined above are initial. Officials are confident that suppliers can deliver to the agreed quality and quantity within these costs in the short term; however, there may be small changes over the course of the programme.
- 9(2)(g)(i)
- As officials learn more about the costs of full implementation, the costing framework will be further refined 9(2)(f)(iv).

Consultation

55. The Ministry of Education prepared this paper. The Department of the Prime Minister and Cabinet, the Treasury, Ministry for Primary Industries, Ministry of Health, Oranga Tamariki – The Ministry for Children, Ministry for Pacific Peoples, Te Puni Kōkiri, Ministry of Youth Development, Office of Disability Issues and Ministry of Social Development were consulted on this paper.

Legislative Implications

56. This paper has no legislative implications.

Impact Analysis

57. An impact analysis is not required as this paper does not propose legislative or regulatory changes.

Human Rights

58. There are no inconsistencies identified with the proposal in respect of the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Population Implications

59. The table below summarises the impacts of these proposals on population groups:

Population group	How the proposal may affect this group
Māori and Pacific young people	The programme is already benefitting many of our Māori and Pacific young people and will continue to do so. Analysis of the 2020 school rolls of eligible schools shows that approximately 49 per cent of students eligible for the programme identify as Māori and at least 21 per cent identify as Pacific. ⁴
Disabled young person	The programme will meet the access needs and requirements of disabled young people.

Publicity

60. I will look for an opportunity to announce this at a suitable event, or at the post-Cabinet press conference.

Proactive Release

61. Pending your agreement, I intend to proactively release this paper following the announcement of the continuation of funding for the initiative. Release will be subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Education recommends the Committee:

⁴ The proportion of Pacific-identifying students is likely to be higher than reported, as Ministry data counting rules include only 1 ethnicity per student, with Māori counted first for those who select multiple ethnicities.

1. **note** that in April 2019 Cabinet agreed to fund and implement a prototype of a free and healthy school lunch programme (CAB-19-MIN-0329 refers), and in May 2020 expanded the initiative to 25 per cent of children and young people nationwide (CAB-20-MIN-0219 refers);
2. **note** that funding for the Ka Ora, Ka Ako | Healthy School Lunches programme is time-limited until the end of the 2021 calendar year;
3. **note** that this paper responds to the invitation by the Social Wellbeing Committee to the Minister of Education to report back on implementation of the prototype in December 2020 (SWC-19-Min-0077 refers);
4. **note** that from Term 1 this year, approximately 144,000 young people in 660 schools nationwide are receiving their healthy lunch each day, expanding to approximately 214,000 young people in 965 schools by Term 3;
5. **agree** to continue the Ka Ora, Ka Ako | Healthy School Lunches programme until the end of 2023;
6. **approve** the following changes to appropriations to give effect to the policy decision in recommendation 5, with a corresponding impact on the operating balance and debt;

	\$m - increase / (decrease)				
Vote Education Minister of Education	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Outcomes for Target Student Groups					
MCA:					
Non- Departmental Output Expense:					
School Lunch Programme	-	128.788	257.807	129.259	-
Departmental Output Expense:					
Interventions for Target Student Groups (funded by Revenue Crown)	-	2.765	5.531	2.765	-
Ministry of Education: Capital Injection	-	0.964	-	-	-
Non-Departmental Capital Expenditure					
School Furniture and Equipment	-	-	0.570	0.570	-
Total Operating	-	131.553	263.337	132.024	-
Total Capital	-	0.964	0.570	0.570	-

7. **agree** that the expenses incurred at recommendation 6 be charged against the COVID-19 Response and Recovery Fund established as part of Budget 2020;
8. **9(2)(f)(iv)**
9. **agree** to the continued inclusion of eligible secondary schools in the programme, until the end of 2023;

10. 9(2)(f)(iv) [REDACTED]
11. **invite** the Minister of Education to report back to the Social Wellbeing Committee on the wellbeing outcomes evaluation and the fiscal sustainability of the programme before December 2022;
12. **agree** to a flexible approach to eligibility whereby schools that become technically ineligible as their Equity Index shifts maintain their entitlement to the programme.

Authorised for lodgement

Hon Chris Hipkins
Minister of Education

Annex 1: Detailed Findings from Implementation and the Formative Evaluation

The average unit cost of is higher for secondary students than primary students

- Under the prototype, secondary schools were excluded, and secondary-aged students were only been eligible within participating area or composite schools. When Ka Ora, Ka Ako was expanded in June 2020, approximately 120 secondary schools became eligible for the programme. This has impacted how officials calculate the unit cost of lunches due to the increased nutritional intake requirements for older students.
- Officials have found that, on average, it costs \$7 per secondary-aged student per lunch and \$5 per primary-aged student per lunch.
- For Intermediate Schools (years 7 & 8 only), officials have heard that the \$5 per student per lunch allocation is not adequate. In a primary school the cost is spread across age groups with differing appetites and nutritional needs, which means the average allocation is sufficient for the school population. In a continued programme, officials will allocate \$6 per student per meal as the average cost for Intermediate Schools to ensure there is no compromise on food quality or portion sizes in these schools.

There are upfront and ongoing costs to some schools to manage the programme

- Officials have found that some smaller schools using the internal model require one-off, upfront financial support to establish the programme. These payments generally cover start-up costs for initial supplies, staff and general capability building around food safety. To date, this has only involved a very small number of schools and as such officials don't anticipate this issue requiring any additional funding in the long-term.
- Officials have also found that there is an ongoing cost to some schools in the form of staff time to hand out lunches. While in some cases this has been greater than expected, officials expect to see some improvement in the medium-term through innovation and sharing of best practice across the schooling network. However, officials note that should the time burden remain excessive in some schools they may need to provide additional support.

Monitoring and contract management are key to success

- The daily delivery of fresh, quality lunches that meet the nutritional standards officials have set can be a complex undertaking. Officials have learnt through the prototype and expansion that they need to work closely with some suppliers and schools to ensure their lunches meet the standards that have been set, while also meeting the expectations of schools and the children and young people eating the lunches.
- Officials are developing a 'Pathway to Nutrition' approach to support schools and suppliers to progressively introduce a broader range of healthy foods to children and young people. This will reduce food wastage associated with unfamiliarity with some foods and increase overall nutritional intake in the longer term.
- The approach to monitoring focusses on building strong, supportive relationships in the regions that enable the smooth flow of information between the Ministry, suppliers, schools and their communities. Officials see this as part of an ongoing

partnership, to build a high quality, efficient and effective programme that meets the needs of all involved.

Delivery in remote areas and small schools presents additional challenges

- There are challenges associated with providing a daily, fresh lunch delivery to schools in remote areas. For example, there are additional costs for delivery due to the distance travelled, and in some cases, daily delivery is not feasible. Officials are currently working through the best approaches for these schools to ensure their geographical proximity to a major centre does not unfairly impact their access to or experience of the programme.
- Likewise, for schools with small populations (less than 80 students), the average per student allocation is inadequate to deliver an internal model and often distance and seasonal access are barriers to a viable external model. Officials have allocated a separate pool of funding which can be used as necessary in these limited though challenging situations to ensure equitable access to a viable programme in these schools.

Food safety and suitability verification will be an ongoing cost to the programme

- Food safety and suitability for the programme is governed by the Food Act 2014. This means that schools that make food onsite under the programme are required to register a food safety plan and be periodically verified (checked) that they are making safe and suitable food.
- New Zealand Food Safety (NZFS) a business unit of the Ministry for Primary Industries responsible for administering the Food Act, has worked extensively with the Ministry of Education and school kitchens to ensure the programme meets the food safety and suitability rules. This includes the co-design of food safety plans and guidance and training for school kitchens. The costs associated with these activities have been absorbed by NZFS.
- Verification is an essential part of the food safety and suitability system. It is the process of assessing whether people are following the rules according to their food safety plan and that they will continue to follow the rules in the period between the current and the next verification. For schools adopting the internal model, it will be necessary for each school to be verified on an ongoing basis at a cost to the programme.
- To provide this ongoing assurance, the programme had the option of adopting the conventional verification model for food businesses or working with NZFS to trial a new approach tailored to support the outcomes of the programme and minimising costs where possible. NZFS are currently developing this verification model and plan to run a pilot with a sample of schools during the current school term. If successful, this will be rolled out to the remaining schools in the programme during 2021. NZFS are using this opportunity to develop a verification model that could be reused for other similar food safety programmes. The costs to implement and maintain the verification model across the programme will require ongoing funding estimated at up to \$1200 annually per school. By comparison a conventional verification model would cost each school over \$2,000 annually.

The per-school allocation for minor capital items needs adjustment

- Officials have developed a better understanding of the costs required and have developed a more nuanced approach to determining the average level of funding per school for non-departmental capital items. Given the variety of school sizes in the expansion and set-up costs for each model of provision, these variables are accounted for to set a tiered average capital allocation.
- The level of support needed by schools varies depending on the model of provision chosen. When controlling for school size, officials found that for schools choosing the in-house model, capital expenditure is generally higher. For schools choosing one of the external delivery models, capital expenditure tends to be less. This reflects the difference in the types of items being purchased for internal and external models. The internal model tends to require more expensive items, like commercial kitchen appliances (e.g. ovens, freezers, dishwashers), to ensure the kitchen setup is fit-for-purpose. External delivery models tend not to rely on these sorts of items.

Annex 2: Implementation Timeline

Date	Milestone
Budget 2019	Cabinet agrees to fund pilot until December 2021
Term 1 2020	Implementation in 41 schools in Hawkes Bay & Bay of Plenty, feeding 9,048 students
Budget 2020	COVID-19 Response: expansion to 190,000 additional children and young people in years 1 to 15 nationwide
Term 4 2020	Implementation in 182 schools in Hawke's Bay, Bay of Plenty and Otago Southland, feeding 39,000 students
Term 1 2021	Implementation in 660 schools, feeding 144,000 students
By end Term 2 2021	Full implementation in up to 965 schools, feeding up to 214,000 students
Term 4 2021	Current funding for programme finishes
Term 4 2023	Proposed funding for programme finishes



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Social Wellbeing Committee: Period Ended 19 March 2021

On 22 March 2021, Cabinet made the following decisions on the work of the Cabinet Social Wellbeing Committee for the period ended 19 March 2021:

Out of scope

SWC-21-MIN-0021

Continuing the Ka Ora Ka Ako Healthy School Lunches Programme
Portfolio: Education

CONFIRMED

Out of scope

Out of scope

Michael Webster
Secretary of the Cabinet

Proactively Released by the Minister of Education



Cabinet Social Wellbeing Committee

Minute of Decision

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Continuing the Ka Ora Ka Ako Healthy School Lunches Programme

Portfolio Education

On 17 March 2021, the Cabinet Social Wellbeing Committee:

1 **noted** that:

- 1.1 in Budget 2019, Cabinet established operating and capital contingencies to test different models of delivery of a free school lunch programme, with an expiry date of 30 June 2021 [CAB-19-MIN-0174.13];
- 1.2 in June 2019, SWC agreed to a prototype of a free and healthy school lunch programme, and noted that the Minister of Education would report back in late 2020 with initial evidence, and recommend whether to extend the programme beyond 2021 [SWC-19-Min-0077];
- 1.3 in May 2020, Cabinet agreed to expand the Healthy School Lunches programme to 25 per cent of children and young people nationwide, funded until the end of 2021 [CAB-20-MIN-0219.09];

2 **noted** that funding for the Ka Ora, Ka Ako | Healthy School Lunches programme is time-limited until the end of the 2021 calendar year;

3 **noted** that the paper under SWC-21-SUB-0021 responds to the report back in paragraph 1.2 above;

4 **noted** that from Term 1 of 2021, approximately 144,000 young people in 660 schools nationwide are receiving their healthy lunch each day, expanding to approximately 214,000 young people in 965 schools by Term 3;

5 **agreed** to continue the Ka Ora, Ka Ako | Healthy School Lunches programme until the end of 2023;

- 6 **approved** the following changes to appropriations to give effect to the decision in paragraph 5 above, with a corresponding impact on the operating balance and debt;

Vote Education Minister of Education	\$m - increase / (decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Outcomes for Target Student Groups					
MCA:					
Non- Departmental Output Expense: School Lunch Programme	-	128.788	257.807	129.259	-
Departmental Output Expense: Interventions for Target Student Groups (funded by Revenue Crown)	-	2.765	5.531	2.765	-
Ministry of Education: Capital Injection	-	0.964	-	-	-
Non-Departmental Capital Expenditure School Furniture and Equipment	-	-	0.570	0.570	-
Total Operating	-	131.553	263.337	132.024	-
Total Capital	-	0.964	0.570	0.570	-

- 7 **agreed** that the expenses incurred in paragraph 6 above be charged against the COVID-19 Response and Recovery Fund established as part of Budget 2020;

8 9(2)(f)(iv)

- 9 **agreed** to the continued inclusion of eligible secondary schools in the programme, until the end of 2023;

10 9(2)(f)(iv)

- 11 **invited** the Minister of Education to report back to SWC on the wellbeing outcomes evaluation and the fiscal sustainability of the programme before December 2022;

- 12 **agreed** to a flexible approach to eligibility whereby schools that become technically ineligible as their Equity Index shifts maintain their entitlement to the programme.

Rachel Clarke
Committee Secretary

Present: (see over)

Present:

Hon Grant Robertson
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Carmel Sepuloni (Chair)
Hon Andrew Little
Hon Nanaia Mahuta
Hon Poto Williams
Hon Damien O'Connor
Hon Kris Faafoi
Hon Peeni Henare
Hon Jan Tinetti
Hon Dr Ayesha Verrall
Hon Aupito William Sio
Hon Meka Whaitiri
Hon Priyanca Radhakrishnan

Officials present from:

Office of the Prime Minister
Office of the Chair
Officials Committee for SWC