

REPORT SUMMARY

THE
NEW ZEALAND
INITIATIVE

Trade Routes

Charting New Pathways from Secondary School to Industry Training

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Nearly twice as many New Zealand school leavers fall into unemployment as undertake workplace-based learning.

Trade Routes examines the challenges and opportunities for pathways from secondary education to industry and trades training in New Zealand. The report highlights systemic issues and proposes comprehensive reforms to strengthen these pathways.

- 11% of 16-19-year-old New Zealanders are not in employment, education or training compared to just 6% in workplace-based learning.
- Current trade and industry training initiatives for secondary students operate as fragmented “add-ons” rather than forming a coherent pathway equivalent to university preparation.
- Workforce Development Councils should be more accountable to industry. Their role should be expanded to include advising schools on curriculum development for industry training pathways.

In Germany, approximately half of all school leavers participate in the country's 'dual training' apprenticeship system. In contrast, in New Zealand, only 6% of school leavers undertake workplace-based training, while about one-third enrol in university degrees.

Germany's 'dual training' apprenticeship system is a gold standard for industry and trades training. This system coordinates high-quality training between workplaces and training centres. Approximately half of all German school leavers enter dual training, about 93% of trainees graduate, and three-quarters are employed directly after training with the companies in which they trained.

Around 40% of New Zealand's school leavers do not engage in any form of tertiary education in the year after leaving school. While most find employment, about 11% are unemployed and do not participate in further education or training. This represents a significant waste of human capital and opportunity, especially considering that industry training leads to many high-demand vocations.

The root of the problem is cultural. University education has higher status than industry training among parents, schools, teachers, and students themselves.

The status disparity is exacerbated by the strong orientation of schools toward university preparation as the default setting. The secondary curriculum is dominated by subjects derived from university disciplines, and industry training pathways are typically treated as second-tier options for students not seen as suited to the dominant university-track pathway.

Full adoption of the German system is not culturally or politically realistic in New Zealand. However, key elements could be successfully adapted to the New Zealand context. If clearer pathways from school to industry training were established as a serious option for all students, esteem for industry training would gradually improve.

New Zealand's initiatives to support pathways from secondary school to industry training, primarily under the Youth Guarantee umbrella, are fragmented and constrained by funding limitations. Just 2.4% of young people aged 16–19 participated in Youth Guarantee between 2020 and 2023. The good news is that the initiatives could form the core of a high-quality secondary school pathway to training.

At tertiary level, the main institutional provider of industry and trades training, Te Pūkenga, is scheduled for disestablishment in early 2026. The Apprenticeship Boost scheme, which subsidises trainee wages, has been successful in increasing participation in apprenticeships, with numbers rising by 36% between 2020 and 2022. However, it has since been scaled back and its future beyond 2028 is uncertain. Workforce Development Councils, which oversee standard setting for training, are insufficiently accountable to industry.

Recommendations

The report proposes comprehensive reform to establish clear pathways into high-quality industry training and raise its cultural esteem. Key recommendations include:

- Unifying the separate Youth Guarantee initiatives to form a coherent pathway from secondary school to industry training.
- Establishing cooperative arrangements between secondary schools to enable specialisation at Years 11-13, either in preparation for university or for industry training.
- Levelling university degrees separately from trade and industry qualifications on the qualifications framework to avoid explicitly valuing one more highly than the other.
- Redirecting universal fees-free funding to support workplace-based industry training.
- Introducing a graduated basic training wage with annual increments.
- Reconstituting Workforce Development Councils with members elected by businesses in each industry sector to improve their accountability.

ABOUT THE AUTHOR

Michael Johnston is a Senior Research Fellow at the New Zealand Initiative. He is a cognitive psychologist by training and completed his PhD at the University of Melbourne in 1997. He commenced his academic career as a lecturer in psychology and became interested in educational assessment and measurement during a six-year tenure as Senior Statistician at the New Zealand Qualifications Authority. In 2011, he was appointed as a Senior Lecturer in the Faculty of Education at Victoria University of Wellington. Prior to his appointment at the New Zealand Initiative in 2022, he spent three years as Associate Dean (Academic).