

21 February 2025

Hon Penny Simmonds
Minister for the Environment

Dear Minister

Thank you for the opportunity to meet with you on Tuesday 18th February, we believe it was a very productive meeting.

New Zealand's 1.75-million-hectare production forest estate employs nearly 8,500 people across the supply chain from forest silviculture, harvesting, engineering and management, a further 29,335 are involved in wood processing. Most work in the forest is contracted out by forest owners/managers to forestry contractors who employ the lion's share of the 8,500 employees directly. They are also responsible for most of the training, assessment and pastoral care of these employees with in-house capability. A significant proportion 85% plus of this training is work-based. Competenz is currently the main provider with Muku Tangata as the Workforce Development Council.

The Forest Industry Contractors Association (FICA) represents forest contractors, and the forest owner/managers are represented by the Forest Owner's Association (FOA).

To ensure a better strategic alignment and outcomes for vocational training in the industry the FICA and FOA training committees are currently in the process of forming a combined committee. This submission is from contractors and forest owners leading the collaboration in the sector to have a united voice on our training needs. Both FICA and FOA are also members of the Forestry and Wood Processing Group (PSG) who are also submitting a submission. This submission should be seen as building on the PSG submission with more focus, specifically on Forestry.

Further to our discussion on February 18th, please find our answer to the questions you have asked.

1. Which of the two models – Independent or Collaborative work-based learning – does your organisation prefer?

FICA and FOA support the Independent Model.

2. Why will your preferred model work best for employers and learners in work based learning?

1. We haven't been well served by the polytechnic sector in the past.
2. It establishes an industry-controlled training entity (PTE), something we have wanted for a long time.
3. The PTE would give national coverage utilising the trainers and assessors within the industry using nationally consistent programs.

4. The ISB would be more connected with employers than the WDCs/CoVE currently are.
5. ISBs could significantly reduce costs from the WDCs as the scope is narrow and defined
6. The proposal in the cooperative model for pastoral care:
 - i. Is too far removed from the learner, pastoral care needs to be as close as possible to the learner and workplace
 - ii. Means the ISB must deliver services as opposed to standard setting.
 - iii. ISB and providers would compete for funding
 - iv. Employers must deal with two organisations for training provision.

3. What does your organisation think are the main benefits, costs and risks of each option for employers and learners in your industry?

See above.

4. Both models will involve a transition process, but this will be different for each. What will be the critical factors in making transitions work for your industry?

The Independent option reduces risks considerably as the existing part of the current provider (Competenz) can be easily transferred into a PTE. This will create least disruption for employers, learners, trainers, assessors, and the intellectual property the industry has developed over many years. The main challenge will be ensuring the newly create model is lean and financially viable.

To achieve this, we ask that the Minister considers some additional changes to better enable the model

- i. Review all compliance and administrative costs and delays:
 - Review of the PTE rules and requirements to reduce compliance costs for industry owned PTEs as these organisations are owned and operated by Industry, they have inbuilt industry oversight and accountability.
 - Introduce new a new funding system for these entities that reflects the cost of operating and allows more flexibility to cope with industry specific issues like high-cost low volume training, while operating within the current funding envelope.
 - Reduce the time taken to develop and fund new programs. Cut red tape.
 - Review NZQA role in qualification reviews and standard setting and require all programs to be endorsed by the ISB to ensure programs are relevant and meet industry needs rather than simply attracting funding to the provider.
- ii. We ask that the funding system be reviewed as this has been the root cause of our issues for decades.
 - Recognise that employers contribute significantly to training costs, both financially and in-kind.

- We don't agree that it is cheaper to offer on job training than classroom-based training where we have low trainee numbers, in specialised fields, working in remote areas.
- We want flexibility within the current funding envelope to fund training according to industry need, i.e. if industry require high-cost low volume training we can prioritise this. We need to react to significant events like cyclone Gabrielle.
- Recognise that training to perform a role is fundamental and all businesses have different roles and requirements due to their operating models. Qualifications should organically eventuate from ongoing training. Qualifications should not be used to define funding.
- Extend the "advice to TEC" function for an ISB to include a financial brokerage function to industry. TEC allocates "industry" level funding and oversees/audits ISB distribution of funding according to industry priorities. This replaces provider led funding bids.

Thank you for the opportunity to submit this submission. We look forward to the next stage of consultation.

Regards



Kevin Ihaka

(Employer, FICA Board Member and proposed Chairman of joint FICA/FOA Training Committee)