



Primary ITO Submission on the Reform of Vocational Education

Executive Summary

The Review

- RoVE goes well beyond ITP failure and seeks to provide a whole of system solution for vocational education in New Zealand. That is a bold goal, that requires bold thinking.
- The high-level goal must be to provide optimal education outcomes so that the primary sector through its people can embrace and leverage knowledge, technology, and skills.
- With support from our stakeholders, Primary ITO wishes to work constructively with government, to design and execute an industry-led, government-enabled and learner-centred vocational education framework that delivers what industry and the primary sector need into the future. This is a significant generational change opportunity we need to embrace, but plan for carefully.
- We strongly support the ISB having the role of brokerage and of the ISB having the responsibility to define curriculum as well as qualifications.

Industry Led

- As a mature and consolidated industry organisation, Primary ITO is arguably in the best position to transition to an ISB and with the right settings is happy to work with government as an early adopter.
- We strongly advocate that vocational training needs to be led by Industry through the ISB, most particularly to retain the brokerage function – this includes matching employees and employers, designing training plans (including pastoral care), negotiating apprenticeship agreements, identifying where literacy and numeracy issues need to be addressed, arranging off-job training with NZIST and school liaison. We see this as critical.
- Governance is an important consideration and needs further consultation to design this element, to reflect what it really means to be industry led.
- We support the CoVE concept and we need to undertake more detailed work on how and where this or these are created for the primary sector. We believe a close relationship to the ISB is essential.
- There is an opportunity for ISBs to cover coherent pan-sector groups and be consolidated to say six in New Zealand. Government will need to be strongly prescriptive to achieve an optimum result and to avoid organic resistance to change. Fragmentation and proliferation of ISBs should be avoided so that scale, relevance and cohesion are not lost.

ISB Role

- ISBs, on behalf of the industries represented, should set the direction of the curriculum for the industries they are responsible for and they should set the standards learners are expected to reach.
- ISBs should have a true decision-making role in vocational education matters in their scope to keep a deep and direct interface with employers.
- ISBs should have leadership of the skills system in their industry, including analysing intelligence on the state of industry skills and forecasting skill demand, plus oversight of the whole of the learning pathway – from secondary school to VET, degrees and post-employment education – for their industry.



- ISBs should be responsible for the role of employer-facing brokering of learning.
- We do not support the broadening NZIST as far as suggested into the brokerage function of ITOs. We see unacceptable risks and consequences should that be adopted. This includes disconnection and transition risk. The primary sector in particular has not been well served by ITPs.

Primary Sector

- The current VET system has not served the Primary sector well. There are a number of problems with the current VET system that we and our industry stakeholders have experienced that have not been identified within the RoVE consultation documents. Our Primary sector stakeholders have much more ambitious objectives of creating a life-long learning eco-system.
- The primary sector is the largest contributor to the New Zealand economy but has the potential to contribute much more value-added growth if government and industry can collaborate effectively to upskill the primary sector's 350,000-strong workforce.
- Change needs to recognise the unique characteristics of the Primary sector.
 - Lack of recognition in the funding system of the very high costs of primary sector-focused VET – costs that derive from the dispersed rural-based workforce, the inherently expensive nature of training in these fields and the inability to get economies of scale.
 - Difficulties of access to training for the many owner/operators in the primary sector.
 - Devaluing in the current policy of informal and non-formal learning and short courses.
 - Inadequate provision of literacy, numeracy, ESOL and pastoral support in the VET system.

Recognition

The unified VET funding system must value and recognise:

- the complementarity of the provider-based and work-based training pathways.
- the range of training, including micro-credentials, short courses, just-in-time learning and other non-formal learning
- the role that upskilling and reskilling of existing workers plays in maintaining and enhancing the skills of the primary sector workforce
- the importance of the brokering role as integral to the work of the ISB and the cost of doing that role well.

The views of our industry

- Primary ITO has received support for our views from around 200 industry players and had formal engagement with 100 firms, industry bodies and local bodies. It is important that their voices are heard. Many have made their own submissions.
- This section summarises their views conveyed to the ITO directly, and through an independent survey of opinion.



Recommendations

Recommendation 1

Any new policy and funding settings must address the specific high-costs of primary sector training, the rapid pace of change, and the urgent need for more training in the sector. This is because:

- there are significant environmental, technological and commercial challenges facing the primary industries.
- these challenges mean that there is an urgent need for increased take-up of vocational training in the primary industries.
- there are very high costs of primary sector tertiary education, compared with VET focused on most other industries.
- these high costs of rural on-job vocational education have reduced take-up of training.
- owner-operators in the primary industries are unable to access training. This is currently funded for employees but currently excludes owner farmers and growers.
- the combination of high costs of primary sector VET and low funding levels have led to an erosion of the capacity and capability of provider-based VET on the primary sector.

Recommendation 2

A new Industry Skills Body should cover the whole of the primary sector, including forestry and the whole of the supply chain, including food and beverage processing and other related areas, and not be limited to on-farm production.

Recommendation 3

Industry Skills Bodies should have leadership of the skills system in their industry. Including gathering and analysing intelligence on the state of the industry and its skills and forecasting skill demand. They should:

- determine the direction of the curriculum and the learning outcomes to be achieved.
- have a decision-making role in vocational education matters in their scope (for instance, qualification approval and operational policy), rather than an advisory role.
- maintain an understanding of the current state of skill in the industries where it is responsible, and of the likely skill needs in the medium term.
- have oversight of the whole of the training system for that set of industries.

When there is a difference of view between the ISB and NZQA or TEC officials, there should be a mechanism acceptable to industry to resolve those differences.

Recommendation 4

There should be clearly defined roles and a co-operative relationship for ISBs and COVEs, with ISBs setting the direction of the curriculum and CoVEs setting the details of the curriculum.

This should support the needs for the professional development of the vocational education workforce.



Recommendation 5

ISBs and CoVEs in an industry must be well-aligned with appropriate interconnectedness and complementarity, possibly through cross-membership of the governing boards.

Consideration should be given to whether an ISB could own or govern a CoVE.

Recommendation 6

ISBs should have the role of brokering training. This role will be critically important with the development of more flexible and joined-up learning pathways.

Of the parties involved in vocational education, only ISBs will have the independence necessary to provide enterprises with training plans free of preference to the type of training or the training provider.

Recommendation 7

ISBs should have a defined role in addressing labour market issues that relate to skills in their industry (rather than a narrow focus on vocational tertiary education).

Recommendation 8

ISBs' responsibilities should include oversight of the whole of the learning pathway in their industry, including school-level and university and other degree-level programmes that relate to that industry.

Recommendation 9

ISBs should have the mandate to participate in the careers advice system, including engaging with schools.

Recommendation 10

In creating ISBs and Regional Leadership Groups, government should provide guidance on the form and level of engagement between ISBs and Regional Leadership Groups and ensure the roles of each are clearly defined. This is necessary to avoid overlap and confusion between Regional Leadership Groups and the skills and employment hubs proposed as part of immigration changes.

Consideration should be given to combining Regional Leadership Groups and the skills and employment hubs proposed as part of immigration changes, to streamline support for regional training, skills and labour market planning.

Recommendation 11

As different industries have diverse structures, industry should be allowed to tailor its ISB recognition processes to its own needs.



Recommendation 12

In addition to industry leaders, ISBs' governing bodies should include workers, trainees and Māori representation.

Recommendation 13

A single integrated funding model is needed to address fragmentation in vocational education and competition between Institutes of Technology and Polytechnics and ITOs.

This funding model should recognise:

- the complementarity of the provider-based and work-based training pathways.
- the range of training pathways, including short courses, just-in-time learning and other non-formal learning.
- the important role that upskilling and reskilling of existing workers, volunteers and business owners plays in maintaining and enhancing the skills of the primary sector workforce
- the importance of the brokering role in primary sector vocational training and the costs of doing that role well.
- the vocational training needs of those who are displaced as a result of changes in the demand for skills.
- the high costs (relative to most other fields of study) of training for the primary industries.

Consideration should also go to funding on a multi-year basis.

Recommendation 14

Address the issue that rural areas are poorly served by broadband infrastructure, relative to urban areas. This means that primary sector trainees who are learning on the job have poor access to e-learning, and that this increases the costs and hinders the effectiveness of primary sector vocational training.

Recommendation 15

Ensure that the planned employer contribution to the ISBs is not solely borne by those employers who host vocational trainees and who use the vocational training system for their employees. This recognises that the work of ISBs will benefit all employers.

A solely user-pays model would not reflect the benefits of a more skilled workforce to all future employers or that, in the case of pre-employment vocational trainees, there is no employer.



The Review

The Primary sector, collectively, is the largest contributor to New Zealand's economy but has much more potential for value-added growth if government and industry can effectively collaborate to upskill the Primary sector's approximately 350,000 workforce.

Our industry stakeholders have ambitious strategies and recognise that a well-functioning VET system is an economic enabler with an estimated \$7 return for every \$1 invested in developing the Primary sector's workforce.

The primary sector is maturing, no longer can it generate growth by simply bringing more land into production or spreading the net wider in our seas. Our sector is now challenging biological and environmental constraints on our primary industry production platforms; climate change is presenting more extreme and more frequent weather events that threaten production; biosecurity threats are becoming more frequent; markets require greater traceability; transparency throughout the supply chain and consumers are now as concerned with how we produce product as they are about what we produce; there are growing constraints on water and irrigation; land use pressures are increasing and our economic market is highly volatile presenting challenging financial decisions for producers and processors within the sector.

The current VET system has not served the Primary sector well. There are a number of problems with the current VET system that we and our industry stakeholders have experienced that have not been identified within the RoVE consultation documents, these include:

- Artificial barriers between on-the-job and off-the-job training or pre-and -in-work employment-education and training. The VET system therefore lacks integration between education and work.
- There is a disconnect between 'vocational' and 'academic' education, so there is poor integration between university, Crown research and industry research institutes, extension (industry non-formal training programmes), and other education and training.
- A lack of recognition of the value of non-formal industry learning pipelines in the skills equation, with a bias towards formal credentialed education. Instead of a fragmented system, our industry stakeholders want a VET system that offers training plans that blend informal, non-formal and formal learning opportunities where the skills pathway suits the learner and is not pre-determined as being only valid if it leads to a large formal qualification.
- The current VET system is excessively focused on funding for outputs in short-term contracts. Funding is on the basis of how many students are enrolled for specific outputs (formal courses, formal qualifications) rather than focused on building capability. Our industry stakeholders often remark that government is more concerned with funding qualifications (a narrow range of outputs), while our industry partners are concerned with investing in skills and are agnostic about the learning pathway as long as a quality outcome is achieved.
- Despite efforts, industry has had little success with influencing supply from education and training providers, and this is largely to do with government agencies' inability to be flexible with rules and funding rates – a one size fits all approach has not delivered for the primary sector, which has markedly different characteristics than other sectors of the economy.



The consultation documents do appear to have recognised that some characteristics of trainees and industries add significant cost and require additional funding. Many of the characteristics described in the consultation documents concentrate within the Primary sector. Current funding policies do not recognise the higher cost of delivery to the Primary sector. This has contributed to a reluctance by most ITPs to deliver training for the Primary sector and has seen many PTEs go bust, resulting in a shortage of training providers and very weak capability for Primary sector provision within the ITP sector.

We and our industry stakeholders are adamant that the status quo is no longer viable. Change is necessary. We recognise RoVE as a significant generational opportunity to address skills challenges that will allow us to help our industry stakeholders to transform the sector, however we encourage the Government to be bolder in its aspirations.

Our Primary sector stakeholders have much more ambitious objectives of creating a life-long learning eco-system, where industry partners with government to seamlessly integrate the Sector's informal and non-formal learning pathways with the formal education and training system.

Our industry partners also recognise that to address the Sector's skills gaps, education and training must be coordinated with welfare, employment and immigration agendas. The scope of the Primary sector ISB needs to be broader than has been proposed if we are to make serious in-roads to addressing skills within the sector.

Many of our industries now acknowledge that in a tight labour market more competitive work environments, conducive to good training outcomes are necessary to attract, retain and grow workforce capability. A number of our industries have recognised this challenge in their industry strategies and are committed to lifting standards.

The Primary ITO has consulted a number of our key industry stakeholders and they are strongly of the view that RoVE must deliver a VET system that is 'Industry-led and government enabled'. That calls for government to acknowledge that industry is well placed to identify skills and training needs and solutions with its ISB, that the onus should be on government and officials to establish good reason to depart from industry advice, and that industry requires flexibility in the policy settings that recognises a one size fits all approach will not meet industry needs or encourage innovative education and training responses. Our industry stakeholders are not interested in industry being relegated to a passive advisory input into the policy process. Our industry stakeholders have suggested the following principles should guide the design of the VET system to meet the primary sector's skills needs.

Leadership by industry - leadership by industry on programme objectives, design, delivery and assessment;

Industry and government partnership - an industry and government partnership model for governance and oversight; which aligns government and industry investments, and co-ordinates promotion of sector opportunities;

Multi-year, outcomes-based funding - a new government funding and regulatory model, with a shift from the current formulaic funding system to a multi-year, outcomes & programmes-based funding agreement;

A whole of primary sector approach - a whole primary sector approach, to provide the scale required for success;

A whole of workforce approach - a whole of primary workforce approach, addressing labour,



capability and leadership challenges as connected and related issues;

A whole of 'career' approach - a whole of 'career' approach for the primary sector, including school; pre-employment & tertiary; employment; ongoing professional development; transition to management, leadership & ownership; and R&D & innovation;

A range of customer-centric delivery options - a range of customer-centric delivery options, including pre-employment, cadet schools, apprenticeships, extension; all of which combine practice and theory, and are delivered in ways which meet student/employee/employer needs; and

A single, co-ordinated approach - a single, co-ordinated approach, with a move away from a competitive model, aligning and building on services from education, industry and government. An approach that tests and evolves a range of delivery options over time to meet outcomes.

We and our industry stakeholders are keen to work with the Government and its officials to develop the detail that would advance the reforms of the vocational education system. Suggested themes for engagement include:

- What would a government-industry skills partnership model look like?
- What Governance arrangements are flexible enough to meet the needs of a diverse range of stakeholders and adaptable to changing environments?
- Can we strike a constructive balance between principles-based and rules-based policy settings to enable the VET sector the flexibility to respond to the diverse needs of industry and encourage innovation in that sector?
- What is the quantum of funding required to sustain education and training provision to the quality necessary to achieve industry strategy objectives?
- How will the investment in the learning eco-system be shared equitably?

Any major system transformation creates risks. RoVE is no exception.

The risk to training uptake

The last (2014) reform of industry training saw trainee numbers fall. It has taken five years of rebuilding the market and promotion of the value of industry training to get numbers back to where they were in 2014. As government redesigns VET, there is a need to ensure that there are easy transitions for trainees and that uncertainty is minimised in order to avoid a fall in take-up of training.

The risk to the primary sector VET of lower ITP capability

Given the high costs of, and low funding for, primary industry VET, most ITPs have reduced their provision in this area. This has led to an erosion of the ITPs' collective skills for, experience of, capacity for, and capability in primary industry training. While there are some centres of quality ITP provision for particular niches in the primary industries, the overall capability across the ITPs is lower than what is needed. As we move to an integrated VET system, there is a risk to the quality of primary industry VET, resulting from this shortfall of capability in the NZIST.



The risk that the status quo qualifications could overwhelm the need for micro-credentials and short, non-credentialed courses

Primary industry peak bodies recognise that they need greater investment in education and training in order to meet challenges such as climate change; regulation; the growth in artificial intelligence; market diversification and global market volatility.

To this end, industry wants short, pertinent, “just-in-time” learning solutions which can complement traditional formal programmes. In favouring only formal full length programmes, the current policies have devalued those just-in-time courses whose credentials, where awarded, are equally valid.

The failure to provide funding that is adequate to address higher costs of training delivery in the primary sector has led to insufficient provider coverage.

At current funding levels and given the high costs described above, training and support services are often uneconomic to deliver. As a result, there is a shortage of primary industry training providers and weak capability in the current ITP sector. The recent closure of Taratahi and Telford represents yet another contraction in primary sector training capability. There are now no vocational education and training providers of scale for the primary sector.

The current VET system has anomalies and problems that have the effect of reducing the take up of training in the primary sector

The problem of owner/operators

Some of our industries – for example, the sheep and beef industry – have high concentrations of owner-operators. ITOs are not funded to train employers while ITPs have not provided for owner-operators in the primary industries. Most likely, ITPs have avoided provision for owner-operators in the primary industries because of the high costs of delivery. The effect is exclusion of owner-operators from training at a time when upskilling of all the workforce is badly needed.

The problem of informal and non-formal learning

Some of our industry partners have extensive non-formal learning capability that should be viewed as an essential element of the life-long learning eco-system. A responsive training plan blends informal, non-formal and formal learning. Yet government funding arrangements incentivise training providers and brokers to direct learners to formal qualifications.

The current arrangement risks placing the formal education system in competition with industry’s extension network, rather than in partnership. Poorly matched learning options have the effect of disengaging learners – and we see this translated into low training participation rates within the primary industry. Our industry partners view the Government’s investment as being more concerned with qualifications for young people than it is with creating and building skills.

The problem of under-investment in training by employers

The inherently risky and volatile nature of the primary industries has made employers cautious about investing in training. Evolving ownership and management structures in agribusiness, as well as the needs arising from the fast growth of the horticulture industry, mean that some employers don’t have confidence to invest in formal training.



The RoVE consultation documents include two open questions about the roles of an ISB.

1. "ITOs currently develop and maintain logistical arrangements that ensure the delivery of training and assessment works efficiently and effectively for employers. This work is industry and employer-centric and not learner-centric...The distinctive interests of employers and of learners need to be held in tension." (Tech Consultation doc – Proposal in roles for providers and industry bodies).

Primary ITO's and its stakeholders' view is strongly that the brokerage role is essential to lie with the ISB. This view is built on two main reasons:

1. A continuous feedback and input loop from experience at the workplace and from the needs, goals and priorities of individual employers into the design of qualifications, and programs and assessment is essential for quality and relevance. For an ISB to have to obtain this information from other parties would be counterproductive and prone to errors in translation.
2. Primary sector employers highly value trust in agents with whom they share the needs of their businesses. Trust is hard-won and easily lost. The strongest voices in Primary ITO's RoVE consultation and in our recent (Feb 2019) survey of employer opinion talked about the value delivered by the ITO in this area to employers in very large corporates and tiny companies.

It is important to underscore that the brokerage function is employer-facing and therefore distinct from the learner-facing responsibilities of providers.

The domain of workplace training is the employer's territory. Brokering effective provision has to take account of the employer's priorities, productivity equations, needs and goals as well as being of appropriate quality.

Employers consulted by Primary ITO have two major messages:

- With the creation of Primary ITO out of antecedent organisations in 2014, it took up to four years for trust to be built and for industry to feel fully confident that Primary ITO understands the workplace. To undo that work will not only set back the training agenda but risks employers either walking away from the formal qualification system or going elsewhere (including overseas) to have their needs filled.
- Industry trusts the unique skillsets of Primary ITO training advisers and sector managers and trusts that these people are capable of managing the necessary tension between the interests of employers and learners.

2. "[In] jurisdictions such as Australia, Scotland and Switzerland, ...industry skills bodies...specify 'training packages' or 'national occupational standards' that cover not just the grad. profile but also many aspects of how that content is delivered...This raises the question whether, if ISBs go ahead as proposed, they should be able to specify some core vocational program content all providers must deliver" (Technical Consultation document – Proposal on roles for providers and industry bodies).

Primary ITO's and our stakeholders' answer is strongly affirmative.

As an ITO that has always collaborated with ITPs, we and our partner employers are continually frustrated by the fact that only 25% of providers use industry's unit standards as the basis of their teaching programs, while 50% of provider-based VET programs do not use any industry training standards.



This situation means, for example, that the horticulture production industry can have no confidence that the graduates of EIT, NMIT and Otago Poly will demonstrate the same national standards. The SPCA, which employs graduates of the 12 ITPs which offer qualifications in animal welfare all demonstrating variable skills and knowledge, believes that “if we can move to more tightly specifying what it is that a New Zealand qualification involves by way of the program, curriculum, the teaching and learning resources, we may get a better scale, a more consistent product, and a higher quality” (SPCA direct quote at consultation meeting).

Industry Led

Our Industry Stakeholders have indicated a strong desire for a skills system that is ‘Industry led, and government enabled’. They are looking for flexibility within government agencies to respond to industry direction. The experience to date has been quite the opposite. When industry has approached officials with innovative fit-for-purpose solutions, rules tend to inhibit agencies’ ability to respond. A non-responsive training system inevitably leads to disengagement by industry, and results in declining training participation.

Some of our key industry stakeholders would like to collaborate with the Government to develop an industry/government partnership model for governance and oversight; which aligns government and industry investments; co-ordinates promotion of sector opportunities; and has multi-year, outcomes-based funding - a new government funding and regulatory model, with a shift from the current formulaic funding system to a multi-year, outcomes & programmes-based funding agreement.

Leadership of the skills system

The review is an opportunity for industry to be given the role of leadership of the skills system for their industry. This means that industry needs to build and analyse intelligence on the state and future direction of the industry. It needs to analyse and assess the state of the skills in their industry and to use that intelligence to forecast skills demand. To fill the expected skill gaps, it needs a picture of the state of the entire training system for an industry – not just VET but also how the school system and the non-VET parts of the tertiary education system contribute to the development of skills for industry.

Primary industry leaders and employers already have a clear understanding of the changes and the issues facing New Zealand’s primary sector. They have a good appreciation of the skills they need now, and they know what skills they expect to need in the future. It is they who can and must define the direction for a forward-looking training system for their industries. This means that ISBs need to determine the broad curriculum and the standards to be achieved by learners.

We welcome the proposal to create ISBs as a vehicle for exercising those leadership roles. We see the ISBs under RoVE filling a role similar to the role played by the Australian Skills Service Organisations (SSOs) which produce skills intelligence reports among other functions.



ISB Role

Large multisector Industry Skills Bodies that align along logical sector clusters will achieve economies of scale, and help create cohesive career and training pathways

It would be undesirable for the reforms in vocational education to spawn a proliferation of additional industry bodies. Government should encourage or direct the ITOs and industry to work together to create consolidated ISBs with scale and with a coherent scope. Without this direction, the risk is that the institutional priorities of a national polytechnic, such as the proposed New Zealand Institute of Skills and Technology (NZIST), will override the need for industry to control its own destiny.

Our preference is for large multisector ISBs to create logical and efficient sector clusters and to have the scale needed.

The last consolidation exercise, mandated by the previous government, reduced the number of ITOs from 48 to 11. But it was not driven by analysis or proper consultation with affected industries. The result is that there are still several areas where the current reforms provide an opportunity to create more coherent and future-oriented structures. Our view is that, without strong government leadership, ITOs/ISBs could pursue self-interest at the expense of forming natural clusters. This suggests that the Government will need to direct the framework.

Currently, the footprint of the Primary ITO is broad, and industry is currently happy with that breadth. However, the establishment of ISBs provides an opportunity to make adjustments. For example, we contend that forestry training should be included within a Primary Industries ISB. Having the Primary ITO cover meat processors while butchers are covered by Competenz unnecessarily confuses career and training pathways.

There is a risk that the transition from ITOs to ISBs could further fragment career and training pathways and reduce the opportunity to achieve economies of scale in training provision. Given emerging environmental constraints, many farmers are under pressure to diversify their production platforms – for example, to combine dairy production with beef and lamb, horticulture, and/or apiculture. To assist farmers and growers manage a transition to mixed farming, and to better position ISBs to achieve economies of scale, it is not desirable for individual primary industries to establish ISBs with a narrow focus, e.g. dairy only. Meat processing has little in common with farming but has commonalities with manufacturing. We and our stakeholders wish to support the Australian model which includes the processing of food in the equivalent primary sector body.

In the primary sector, the ISB should span horizontally and vertically through the supply chain, not just the on-farm producer component of the industry. Primary industry businesses increasingly have interests in managing their product from paddock to plate, have vertically integrated business models, are concerned with traceability to manage food safety and biosecurity risks, and have come under increasing pressure to provide transparency throughout the supply chain.

Given that pressure, it would be appropriate for the current reach of the Primary ITO be extended to include forestry and food and beverage processing industries within a Primary Industries ISB.

In addition, roles in land and sea protection services, (such as biosecurity, conservation and environmental management) are logical career paths for the land and sea-based workforce that the Primary ITO currently caters to.

If these recommendations were agreed to, we would see the possibility of a relatively timely and smooth transition from the Primary ITO to a Primary Industries ISB.



ISBs need to lead the VET system

A formal role for ISBs to provide advice to TEC and to approve programmes jointly with NZQA needs to be supported by formal processes to mediate diverging opinions and by operational capacity.

RoVE represents an opportunity to create a VET system where industry sets the direction of VET, the learning objectives of VET, the curriculum and the standards to be achieved by trainees.

The role of ISBs alongside government tertiary education agencies

In particular, we endorse the proposal for ISBs to have a formal role in advising the Tertiary Education Commission (TEC) about where investment is best made. We also endorse the proposal for joint New Zealand Qualifications Authority (NZQA) and ISB approval of all vocational education programmes.

We see this as a critical step in ensuring all NZQA approved programmes in the market are aligned to the skills and competencies that industry needs.

Our industry stakeholders are looking for stronger accountability to industry, so that officials are expected to give effect to ISB advice. To ensure that TEC and NZQA give genuine consideration of the ISB's advice, officials should default to favouring ISB advice in the first instance and there should be a formal process to mediate diverging opinions on priorities. In the case of a difference in view between the agencies and the ISB, we expect that agencies should be obliged to justify their stance to the ISB.

The role of ISBs in setting the curriculum and in setting standards

The proposal document leaves open the question of who is responsible for setting the curriculum for vocational programmes. Our view is that this must lie with ISBs, taking advice from CoVEs where relevant. If left to training providers, the current problems faced by industry will be exacerbated. Currently, individual providers are able to teach their own curriculum, approved by NZQA as a "programme of study" as long as it links to prescribed graduate outcomes. The current arrangements give NZQA the final say on programme approval while industry's role is advisory. If that were to remain and be extended to the on-job training curriculum, much of the purpose of the reforms would be lost. A model for how this separation of powers might work can be found in professions such as engineering, teaching and nursing – where there is dual approval of qualifications currently between the NZQA and the industry regulators.

ISBs and CoVEs both have a role in leading curriculum development:

ISBs to establish 'what' industry wants in curriculum

CoVEs to establish 'how' to go about it.

For the reasons set out above, ISBs, rather than CoVEs, should be given the lead in curriculum development. CoVEs should support that role by translating the curriculum goals into delivery models.

A useful way of seeing the distinction between the roles of ISB and CoVEs in curriculum development may be that:

- ISBs are concerned with the macro-issues of curriculum design, 'what' industry wants covered in a curriculum, what successful curriculum delivery might look like within the industry context and what those who complete training should be able to do.
- CoVEs and NZIST, on the other hand, should focus on 'how' educators should go about delivering that curriculum and upskilling learners.



We see the potential for CoVEs to fill an important role in developing fit for purpose learning solutions for industry, not unlike the current collaborations between the Primary ITO, DairyNZ and Wintec under TEC's Joint Ventures and Amalgamation Projects (JVAP). The CoVE would also have close links with CRI's and other centres of research whose outputs need to inform qualifications and learning opportunities in the primary sector.

In an industry that is going through much change, where the workforce needs new knowledge and skills, the training workforce also needs to be upskilled. CoVEs present an opportunity to develop centres of excellence for professional development of the education, training and extension network itself.

CoVEs and ISBs should either be combined, or a CoVE should have its own governance structure, which includes strong accountability lines to ISBs and their industry stakeholders.

The design of 'what' and 'how' training is to be delivered is important to the ISB and the CoVE. We recognise a need for the two functions to be performed in harmony if training is to be aligned with industry needs.

The primary sector's aspiration to broaden the scope of its ISB to include the entire life-long-learning ecosystem (informal, non-formal, and formal learning) means that CoVEs need to service not only formal training providers, but also the non-formal extension network and informal learning channels.

Our industry stakeholders have suggested two options for the ISB – CoVE relationship.

- Combine industry CoVEs and ISBs under one organisation, contracting in faculty and industry expertise as necessary to deliver a work programme that enables the ISBs investment priorities; or
- Ensure industry CoVEs have a governance structure that is separate from the NZIST and includes strong representation from the associated ISB and/or its industry stakeholders.

Strong alignment of ISBs and associated CoVES presents an opportunity for industry and the formal learning capability to enhance the learning eco-system.

The question of the appropriate number of CoVEs should be left up to each ISB and its industry stakeholders to resolve. Our initial thoughts are that it is not desirable to have a proliferation of CoVEs spread across the country. Consolidation into a few CoVE sites would reinforce the sharing of learning between the various industries represented by the Primary Industries ISB, as we conceive it. Many farmers are under pressure to explore mixed land-use models. Therefore, CoVEs that support multiple production platforms would be more appropriate. Fewer CoVEs will also reduce the number of engagement points for ISBs and therefore reduce transaction costs.

A fully funded ISB is best positioned to provide agnostic brokerage and advisory services to employers.

The Government has asked for feedback on what might work best for the provision of brokerage and advisory services to employers. We believe that ISBs are best positioned to provide this service to its industry and they should be funded to do so and not on a volume basis.



We believe brokering is an important part of the “specifying” role of ISBs – alongside determination of the curriculum and standards.

The importance of the brokering role

Brokering of training is a complex role. Primary industry peak bodies have consistently expressed their desire for employers to have access to independent advisors who will match employers’ needs with the most appropriate learning products.

Training advisors need to gain employers’ trust, to enable the employer to share confidential proprietary business information about the employer’s production and business goals, and standard operating procedures. Training advisors need to have sufficient industry-specific knowledge to interpret these goals and procedures and to gain credibility with employers.

The need for an ability to work with employers to identify how and what training can support them to achieve their business goals should not be underestimated.

In this way, a skilled training broker can help an employer lift productivity by ensuring the right training is delivered to the right team member.

And a broker can help an employer retain staff who gain more job satisfaction as a result of having received appropriate training, further supporting the employer’s drive for greater productivity.

How brokering works

Training arrangements need to recognise the team dynamic in the workplace. An effective engagement between a training advisor and employer will generate not only a training plan for the employer but also individualised training plans for each of the farm team members. Employees’ and employers’ training plans could contain a blend of non-formal and formal learning opportunities. Employers and employees will sometimes benefit from attending the same learning event, learning at different levels while ensuring that the knowledge and skills of management and staff are aligned and complementary.

In brokering, training advisors also need a good understanding of what training programmes and qualifications are available in the market through ITPs and PTEs, as well as non-formal and informal programmes. They need an understanding of the quality of provision. They also need to take into account and be aware of any cultural needs that may impact training, in order for a learner to meet his/her full potential. Primary ITO is already performing this brokerage role.

Brokering in complex learning pathways

The learning pathways approach we advocate will place greater reliance on the roles of brokering of training and providing learning support to trainees. We believe that the reforms of vocational education will depend for their success on enhancing these roles and ensuring that ISBs are resourced to recruit people to those roles who have high levels of expertise.

Funding the brokering role

The current system funds brokering services according to the number of standard training measures an ITO supports. That model incentivises training advisors to favour recruiting trainees to formal training pathways. A responsive life-long learning eco-system should be free of conflicts of interest and funding biases; it should exist to ensure that learners are receiving the right mix of learning support. We would expect to see many training plans incorporate informal, non-formal and formal learning products to meet the learner’s needs. A fully funded brokerage service would eliminate existing biases.



ISBs should be responsible for brokering

The RoVE consultation materials discuss the options for the hosting brokerage. Our view is that brokering will not be effective unless hosted by ISBs.

Providers will naturally promote their training product over others, so are less likely to be independent advisers. While wānanga may play a valuable role in some parts of the vocational education sector, they do not, as a type of provider, currently specialise in the primary sector. Neither providers (including wānanga) nor the proposed Regional Skills and Employment Hubs have the intimate understanding of primary production businesses that would lead to employers trusting the advice offered. Only ISBs have the knowledge and business understanding to be effective. Only ISBs have the incentive to be independent about the range of training options.

In addition, in exercising the broker role, ISBs can access feedback from employers to inform the ISB's other functions: identifying and planning for future skill needs; curriculum setting; setting standards; and quality assurance. Formal engagement structures with industry can often be dominated by a few organised stakeholders' needs. Often industry body perspectives are focused on longer-term strategic objectives that may not, as yet, resonate with many employers, who are often more focused on the short-term. By maintaining a direct employer-facing service, the ISB will be in contact with individual employers whose voice might otherwise be drowned in the wider debate. Brokering will enable ISBs to reconcile employer and industry perspectives more confidently.

Siting brokerage functions with the ISB will establish direct feedback loops to ensure curriculum decisions are informed by up to date information.

The scope of an ISB should be flexible to allow it to service industry's non-formal and informal learning pathways and to address wider labour market issues as they relate to skills development.

The consultation documents discuss the scope of ISBs. From an industry perspective, an ISBs scope would ideally be broader than formal vocational education and training. Industry is concerned that New Zealand has a well-functioning labour market that can access the skills it needs when it needs them. In this context, many industries will expect that the scope of the ISB include wider labour market issues as they relate to skill development.

The RoVE consultation document references parallel government consultation on a new approach to employer-assisted work visas and regional workforce planning. In that consultation document it is proposed to introduce sector agreements in industries that have heavy reliance on migrant labour. The agreements "would set out specific occupations covered by the agreement, employer accreditation standards, how the labour market test will be applied, required wages and conditions, caps on the total numbers of migrant workers that can be recruited, training commitments and any special regional or other considerations". In addition, the document highlights the need to improve co-ordination across education/skills, welfare/employment and immigration systems. The document also proposes to introduce regional skills bodies charged with, among other things, developing regional labour market strategies and plans, and to introduce Regional Skills and Employment Hubs.



For some industry stakeholders, this wider inclusive scope for an ISB may be more attractive than the narrower VET system focus and may be a prerequisite for some industries agreeing to recognise an ISB. While some industry peak bodies will want to lead negotiations on labour conditions between government and industry, some less well-resourced industries may see the benefit in the ISB facilitating engagement on these matters on their behalf.

ISBs are to be charged with developing industry skills needs analyses for the VET system. It makes sense to link that role to the work of the proposed regional skills bodies so that their regional labour market strategies and plans and those of the ISB are aligned. A broader labour market scope for the ISB would ensure better alignment between regional labour market plans and national industry labour plans.

New legislation establishing the roles of ISBs in the context of the VET system should not constrain ISBs ability to engage in the wider scope of improving the functioning of the labour market should an ISB, and its stakeholders, choose to do so.

The scope of ISBs should extend to schools and level 2 provision and should include a role in influencing degree-level provision.

The Government's vision for a system where "... employers need to be given, and must take on, a greater leadership role in building more effective partnerships with education specialists ..." will not be realised if industry and ISBs are not given the mandate to define the entire learning journey for the workforce, from school, including Level 2, through to degree learning, where those degrees are in the service of a skilled and capable workforce for that industry.

A weakness in the current New Zealand VET system is its lack of focus on producing highly skilled technicians in the way that you may find in VET systems in Europe that derive from the German model. In countries such as Switzerland, there is parity of esteem between vocational and academic pathways. Parents and students see that there are no dead ends in the vocational pathway. A student can train as an apprentice while still at school, and once they have completed an apprenticeship post-school, they can advance to an applied science degree. The apprenticeship system ensures apprentices not only complete the technical skills for the jobs they are currently undertaking, but that many apprentices will meet the academic requirements for entry into applied science universities. Indeed, many Swiss multinational CEOs have risen to the top through the apprentice → university pathway. Ideally, the new ISBs would support the best apprentices to progress to degree-level courses and the VET system should have a dual goal of vocational and academic achievement to facilitate this passage. Industry needs people with a combination of theory and practical skills.

We need to remove the current disparity in esteem in the New Zealand education system between vocational and academic education. We need to create points of connection between these two paths. A connected vocational and academic education pathway would see universities benefit from more enrolments from the VET pipeline. University classes would be enhanced by having a mix of students that have come straight from school and those who have gained real world work experience through the apprentice pathway.

The VET system should be conceived of as an alternate pathway to higher learning, not as a dead end. An ISB, mandated with oversight of the whole learning pathway, would be the only institution that would be positioned to lead the system to function at this higher level.



The Primary ITO is now probably the country's largest Trades Academy provider (735 Trades Academy places at just under 100 schools plus Gateway and SWItCH programmes). We see that arm of our work as an essential component in growing industry training post-school.

The Government's aspiration for RoVE will not be able to be realised if the scope of vision for the ISBs is restricted at both ends of the qualification ladder. Our industry partners are engaging right through the school, VET and university pathway. A responsive ISB would be working with industry at all those levels.

Within the primary industries, the ITO currently champions degree apprenticeships, professional degrees, and degree-level RPL. For this level of study, including at universities as well as ITPs, it is essential that the ISBs vision is permitted to have influence. While we are not asking for control of the university and school environments, we do see merit in a stronger connection with the wider education system.

ISBs should have a function and resource to connect the school and career changer pathways with industry employment and training opportunities

Currently, there are clear shortcomings in the careers advice available to young people, in industry career promotion, in linking potential employees with good employers, and in delivering programmes to provide school leavers with the capability they need for work-readiness.

For the primary industries, the pathway from school into tertiary study or the workforce is not well marked. For example it has been only this year (2019) that Massey University has restored its Bachelor of Horticultural Science degree having previously absorbed horticulture under the Applied Science label.

Careers advice within schools has done little to promote the career opportunities within the primary sector or training pathways to support them.

Three-quarters of Primary ITO's trainees are aged over 25, the oldest average in the ITO Sector. Few school leavers are entering the sector. There is a disconnect in the school pipeline that, if left unaddressed, risks leading to a de-skilling of the primary sector.

We see the need for services that connect school students with industry employment, education and training pathways. ISBs should be funded by both industry and government to engage with schools, to promote their industry, facilitate employment with employers supportive of career development, and brokering training within industry.

Rules of engagement between ISBs and Regional Leadership Groups need to be formalised.

Regional Leadership Groups under VET and Regional Skills Bodies, proposed by the Minister for Immigration, should be combined.

The current RoVE proposal does not propose a linkage between ISBs and Regional Leadership Groups. ISBs are to perform nationally-focused, industry skills planning functions while regional leadership groups are to carry out regional labour market planning functions. Each of those functions should inform the other.



There is a need for clear guidance/rules of engagement for how Regional Leadership Groups and ISBs are to work together in practice, so that industry and regional sector groups clearly understand who they should be engaging with and how they are to work together.

There is a danger that the parallel workstreams in the VET reforms and in regional workforce planning will produce duplication and inefficiencies and reinforce fragmentation rather than collaboration. We see little need to have both a Regional Leadership Group to inform NZIST and the TEC and also a Regional Skills Body for wider regional labour market planning purposes. The Regional Skills Body proposal suggests university, polytechnic and wānanga membership. Central government would also be represented by the Ministry of Education. If they were to extend membership on the Regional Skills Bodies to TEC, then the TEC's need for regional input would be served, doing away with the need for a separate Regional Leadership Group to serve the VET system.

Recognition processes for ISBs will require flexibility to accommodate different industry processes to secure a mandate.

While the Government may mandate skills leadership to ISBs through legislation, it is possible that, before an industry decides to 'recognise' an ISB, it may want to confirm its mandate from its constituency. For example, some primary producer groups currently seek mandate from farmers and growers to impose a commodity levy (which includes the ability to levy for education and training). It may be that some industries will seek to test the ISBs leadership mandate with their members in a similar manner or even as part of the levy vote process. We believe that the Government should allow flexibility to accommodate different industry recognition processes.

Governance arrangements will need to accommodate industries' desire to exert influence while providing for the voice of workers and Māori.

Governance arrangements will be a key consideration in industries' decision to recognise an ISB. If industry is to have a sense of ownership of the ISB and to co-invest with government in the ISB, industry stakeholders will need confidence that they can exercise real influence, that their needs will be heard and acted on. If ISBs are merely to have an advisory role to government agencies without mechanisms to ensure government and its officials give effect to that advice, industry is unlikely to engage.

Industry stakeholders are likely to support recognition of a proposed ISB only on the condition there are effective governance arrangements in both the ISB and any industry-related CoVEs. Some primary industry stakeholders wish to take the opportunity of the transition to a new VET system to revisit the governance model for the new organisations, ISB and CoVEs, recognising that the existing Primary ITO governance arrangements may not be appropriate to simply transfer to a new ISB.

In addition, the consultation documents appear to be silent on worker/trainee and Māori representation at the governance level. Workers, trainees and Māori need to have a place alongside industry, in the governance of the ISB, given their importance in training and their economic significance.



Primary Sector

The Primary sector is strategically important to NZ Inc, has significant potential for further productivity growth - growth that will be unleashed by investment in skills.

New Zealand's Primary sector continues to make a significant contribution to the New Zealand economy. The Ministry of Primary Industry (MPI) forecasts primary industry exports to reach \$44.3 billion in 2019 and the sector is in its fourth straight year of rising export revenue.

MPI also estimated, some 348,000 people were employed in the Primary sector's production, processing and services sectors in 2015. With unemployment rates currently at low levels and employment demand projected to increase, labour and skill constraints are being felt.

While some of the labour supply is being sourced through migrant workers, development of a more highly skilled and productive domestic labour force supported by capital investment in new technologies will underpin continued growth in value-added earnings for New Zealand Inc.

Our farmers and growers are no longer able to count on converting more land for more production or capital gains on land to get by, the sustainability of the primary sector will come from productivity growth and managing natural resources within environmental and regulatory constraints.

The Hon Damien O'Connor has signalled that:

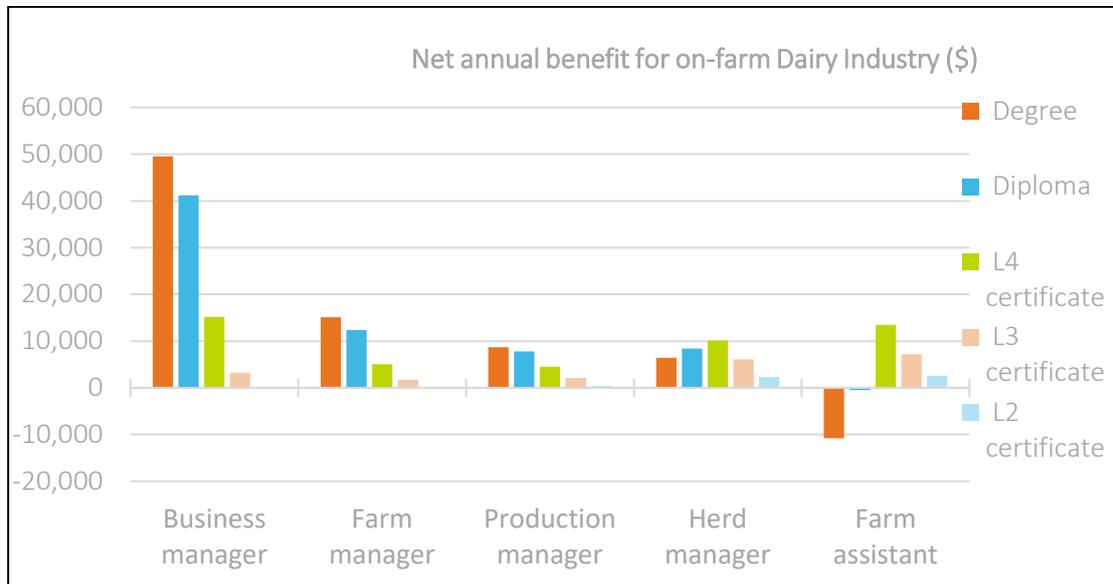
“The Government is committed to productivity growth for a future-proofed primary sector and that means we want to get more from what we do now, not just do more.”

To achieve that goal of productivity growth, a significant increase in investment in upskilling the primary industry labour force is necessary. \$7 of economic benefit for all New Zealand is generated for every \$1 invested in skills within the primary sector.

As an example of what's at stake, modelling for the on-farm dairy industry estimates the financial benefit of a Business Manager completing a

- Degree - \$495 per hectare per annum; and
- Diploma - \$410 per hectare per annum;

Increasing completions of Diplomas in the dairy industry to 1000 per year could deliver a gain of between \$500m to \$1B per year. It would be multiples of this when extrapolated to other primary industry stakeholders.



The benefits of investing in skills are not purely financial. Increasing the skill base of the primary sector workforce also better equips the industry to address risks that threaten farmers’ and growers’ ability to continue to operate. Whether it be defending biological threats or securing a “license to operate” in the face of greater consumer and the general public’s expectations of how the industry manages animal welfare, environmental impacts, food safety, and work environments, farmers and growers will come under increasing pressure to improve performance.

The primary sector has characteristics that contribute to higher costs of training delivery and that lead to some people in the industry being excluded from formal training.

The primary sector faces challenges that do not apply in urban-centred industries. These challenges have not been addressed by education policy settings.

Training for and within the primary sector is inherently expensive. Primary sector businesses are geographically dispersed and mostly located in sparsely populated rural or provincial areas. The primary industries also include a large number of small firms. Consequently, industry training organisations (ITOs) and providers must engage with a significantly greater number of businesses. They travel much greater distances to engage with employers and trainees. This involves considerable capital and operating costs.

Compared with urban centres, rural and provincial areas are poorly served by infrastructure such as broadband, and support services. Without adequate broadband coverage, there is less opportunity to reduce the costs of training through e-learning or blended learning, or to look for improvements in quality through learning analytics.

The primary sector is heavily influenced by nature’s seasons. The timing of training delivery must often accommodate seasonal business cycles that often do not align well with the academic calendar of Institutes of Technology and Polytechnics (ITPs). In programmes related to the primary industries, classes are typically small, with little ability to achieve economies of scale.



The primary sector is going through immense change. Growth will no longer come from doing things the same way we have done in the past. Environmental constraints, challenging climatic conditions, biosecurity threats, changing consumer expectations, and market volatility all pose new skills challenges for primary industry employers, managers and workers. Primary industry owner-operators and employers are as much in need of upskilling as are employees.

The criteria for access to training and the level of funding for that training both need to recognise the nature of the primary industries, the emerging challenges and risks and the higher costs of VET delivery for the primary sector.

The new approach to funding VET needs to be designed so as to recognise the complementary roles of on-job and off-job training and learning. Funding levels need to be sufficient to deliver quality vocational education in the primary sector, where costs are high.

The current funding policy settings for VET promotes a separation of the provider-based pathway from the industry training pathway. Provider-based training and industry training receive their funding through different funds and the funding is calculated using different metrics. At the same time, ITO-led programmes usually have an off-job component, sometimes provided under contract by an ITP. The separation of the funds and the role of ITOs as a purchaser of ITP services has had the effect of creating competitive, tense and sometimes hostile relationships between the two parts of the system.

We welcome the implication in the RoVE document that the two paths to VET are equally valid. We welcome the recognition that all vocational education involves on-job and off-job training and learning. The balance between the two will vary – depending on the industry, whether the course is formal or non-formal, the level of the programme, the objectives of the programme and the learning needs of the student.

We welcome the intention to create a new funding system for VET. The design of that funding system needs to recognise the costs of both the on-job and the off-job components for the primary sector and, in particular, the need for adequate levels of employer-facing brokering and learning support services for on-job learners and for their employer-assessors.

The level of funding needs to be adequate for the true cost of delivering vocational education and training to a quality necessary for New Zealand industries to remain competitive globally.

Providers catering to the primary industry will have higher costs than many other industries and should have funding adequate to recognise those costs. A primary industry ISB will also have higher costs associated with performing its functions in collaboration with a geographically-dispersed and remote employer base.

We welcome the acknowledgement of higher costs for some groups within the consultation documents. The primary industries have a high concentration of people needing literacy and numeracy support, businesses that are geographically dispersed and remote, difficulties in achieving scale to run off-job classes in a cost-effective way and inadequate broadband and mobile data coverage to support blended learning options.



The nature of the primary industries means that the workforce also faces considerable personal pressures

The social isolation and exposure to other stressors such as adverse weather events, biosecurity incursions, long term droughts, and volatile economic cycles compound the stresses. As an example, the recent wild-fires in Nelson coincided with drought conditions and followed the M-Bovis biosecurity incursion. These factors place considerable levels of stress on the primary sector workforce, above that felt in most other industries. This requires greater levels of support for workforce wellbeing. Funding needs to support trainees to become resilient, and to be at a level that enables providers to rural communities to offer significantly high levels of pastoral care.

E-learning and blended learning platforms will be of little benefit to VET in the primary industries if rural broadband infrastructure remains inadequate.

While bringing the Open Polytechnic's e-learning infrastructure into NZIST may provide greater access to learning for many, it may also provide an opportunity for providers to reduce costs. However, if broadband and mobile coverage for rural communities is not addressed, the gap between our rural- and urban-based trainees will get larger and providers and ISBs servicing the primary industry will have higher operating costs compared to other industries.

Some primary industries already invest, or have the potential to invest, significant resource into the learning eco-system through the existing Commodity Levies regime.

The primary industries are perhaps unique among New Zealand's industries in that they levy themselves to invest significant resources in upskilling farmers/growers and their workforce. A number of industries collect a levy from farmers/growers that can be directed to education, training (formal learning) and extension (informal and non-formal learning). Some, like the dairy industry, invest directly with the Primary ITO, partnering with government to co-fund formal training within the industry, alongside the non-formal and informal learning services the industry provides.

A number of industries, however, do not levy, or have chosen to invest little to none of the levy in the formal training sector as the training system is not responsive to their needs. For example, there is a high proportion of owner-operators among sheep and beef farmers; they are not permitted to access industry training through the current ITO system so there is little incentive for that industry to co-invest in formal training.

With the Commodity Levies regime, the primary sector is better placed than most sectors to co-invest with government to address the skills agenda but is likely to do so only if the VET system is responsive to industries' needs.



***Employers hosting trainees should not bear the cost of training on their own.
All employers should be contributing.***

In relation to the suggested employer contribution, employers hosting trainees should not bear the cost of training on their own. On the farm, staff seldom stay long enough for employers hosting training to reap a return on their training investment. This is one reason why employer support for apprenticeships is so low in the primary industry. It is often the next employer, who has not supported the trainee, who benefits, as does the industry as a whole. The employers hosting training are doing the heavy lifting for employers not hosting training but who may be 'poaching' staff once trained.

If employer contributions are to occur, all employers should be contributing and those that are hosting training should be recognised/incentivised by way of a rebate/discounted rate of employer contribution. The tax system would seem to be the most efficient way to administer this.

If employer contributions were to single out employers hosting trainees on their own, then it is likely that they would be discouraged from participating in the VET system.

The proposal to include all employers would put New Zealand in a similar position to the UK; there a number of employers have indicated that they are happy to contribute via the Apprenticeship Levy to other employers hosting training, as those employers were either better at it and/or their business health was in a better shape to be able to do training, and they would be able to hire those staff once training is completed.

Employer contribution is also problematic for trainees in pre-employment situations. In this situation, there is no hosting employer, and it is uncertain which employers will be hiring the trainee once he or she is ready to join the workforce. For this reason, also, it would seem desirable that all employers contribute, not just those employers hosting trainees.

Recognition

We believe that the unified VET system, including its funding, must value and recognise:

- The complementarity of provider-based and work-based training pathways since currently not just funding rules, but rules of 'ownership' of trainees and students stymie co-operation between ITOs and providers.
- The range of training that is capable of making a difference particularly in the primary sector, including small, just in time credentialled learning. This must be contextualised within the workplace in order to deliver full value.
- The role that upskilling and re-skilling of existing workers, including the self employed plays. We know that 80% of the of the future workforce is in the workforce. We know that 54% of the current global workforce will need to adapt to technology change by 2022, suggesting a huge investment needed for those who are in jobs today.
- At this point the RoVE proposals appear primarily focused on the pre-employment student body and this is, we submit not even 50% of the potential market.



The implications of the proposed brokering role for the ISB are major and two-fold:

- a) Having the ISB responsible for brokering underscores the role of the employer in workplace training. The RoVE documents underplay the part of employers in industry training yet in many sectors, particularly the processing sector they are the primary deliverers of training.
- b) There is a risk in the proposals that the unique skillsets of training advisers, learning and development consultants and sector specialists in Primary ITO will be seen as disposable either in the short-term (owing to job uncertainty) or in the longer-term (owing to a belief in the ready transferability of these people into a polytechnic setting). These staff provide industry/employers support first and foremost as trained advisers and brokers for the many training pathways that exist.

We believe the new system needs to recognise and protect the ITOs considerable investment in qualifications, programmes of industry training, skill standards and assessments including:

- The industry and education expertise of the ITO as vital qualities not to be put at risk as the transition to ISB takes place.
- Primary ITO setting and maintaining the qualifications, programmes of industry training, skill standards and assessments to ensure they meet the demands of industry that are identified through the processes for monitoring industry needs.
- The ITO's investment of \$9.5 million over the past three years in standard setting and quality functions including review of the 104 qualifications that it is responsible for.
- Micro-credentials: Employers have been calling for shorter, tailored credentials to be available alongside full qualifications to enable more targeted and accessible training for their employees, whilst being responsive to changing market needs.

The Primary sector has identified some of the following emerging needs:

- Changing production methods in farming, growing and food processing;
- Technology shifts across our industries including the introduction of drone technology into agriculture, robotics for apple-picking and milking; AI in processing plants
- The transient nature of the workforce and the associated difficulty of having people engaged in longer programmes of industry training
- The need to upskill experienced managers in areas such as finance, budgeting and human resource management;
- To respond to changing requirements for environmental sustainability; and
- The need for a greater focus on biosecurity.

Primary ITO has worked closely with government on the policy and operational requirements of micro-credentials and was one of the first organisations to register micro-credentials. To date the ITO has 11 micro-credentials approved by NZQA in horticulture, wool harvesting and biosecurity. Further micro-credential development for Agrichemicals, Hazardous Substances Management and Animal Welfare are pending.



The views of our industry

Primary ITO has sought the views of around 200 employers and industry bodies in the sector in order to be able to feed through to the Ministry the priorities of our industry partners.

- The last major merger that created the Primary ITO was in 2014. Industry leaders believe it took until 2018 for the new ITO to be fully accepted and competent to arrange training that meets industry needs. Industry cannot afford to lose more time as a result of either uncertainty, confusion or the loss of corporate knowledge.
- Employers need and want to be able to continue to deliver on-job training, with help from advisers who comprehend their industries.
- The ITO staff are trusted and industry-experienced as well as educationally adept. Their skill sets should be retained. The direct and indirect costs of losing the current relationships and experience that the ITO has built would be insupportable.
- The ISB will need to retain the brokerage role in order for on the ground experience of employers to provide a continuous feedback loop into the design of qualifications and programmes.
- Whatever transition has to happen must not be at the expense of a skilled workforce, their responsiveness, and trusted relationships with industry.
- There is a strong fear that Government officials do not fully understand what workplace learning is, and the validity of working life as a site for learning. One example is “Standard Operating Procedures” (SOP’s) which tend to be dismissed as an employee induction formality and not a learning experience. In reality SOPs ARE what work is. The mapping of them against skill standards and qualifications is a powerful learning and credentialing tool. The same goes for “compliance” requirements which in the case of health and safety have been outlawed as eligible for TEC funding for many years. With the new compliance ecosystem that increasingly determines business quality and success in the primary sector (food safety, biosecurity, provenance, traceability, animal welfare, water quality etc) learnings and credentials in these areas are critical business and employee development requirements. Only the ITO (or an ISB with on the ground powers) has the perspective and experience to respond to industry need with appropriate qualifications and learning opportunities.

As well as the consultation sessions, Primary ITO recently commissioned an independent research company, IPSOS, to carry out a major survey of 4,000 employers who have had recent experience of working with the ITO.

The headline results from the first tranche of 374 employers noted below, illustrate not only what is valued most about the ITO currently, but also those activities and characteristics that are not likely to be a feature of a national ITP provider, at least in the short to medium term.



Of the key reasons for employers being satisfied or very satisfied, the highest rated were:

- ITO staff (78%), in particular their professionalism and understanding of the employer's/industry's needs
- Training resources and materials (74%) noting their clarity, precision and relevance
- ITO seen as a trusted partner (72%)

Of importance in the current reform environment, while 69% of employers were satisfied or very satisfied with the training available, many sought more specificity in training in future (e.g. for the pork and poultry industries) and a heavier inclusion of compliance topics. With regard to the latter, the prevailing policy of the central agencies re compliance training (i.e. that it is an area which employers should be expected to fund and carry out unsubsidised), must be questioned for the primary industries in today's environment of increasing compliance and regulatory observance.

It was also significant that while 67% of respondents were satisfied or very satisfied about the timing and locations of ITO-arranged training, those less satisfied emphasized the inevitable challenges of the primary sector – geography, seasonality, time away from job (especially including travel). Respondents acknowledged the good work of the ITO (“They have recently changed the block courses and these are now run locally, which makes it more affordable for us, and changed the time”) but the importance of this factor for them raises questions about the potential of the national provider in future to provide satisfaction.

Horticulture employers were the most satisfied subsector (70%) with Dairy next most satisfied (63%).

An additional indication of the value Primary ITO provides to employers and their business is found when IPSOS broke down satisfaction scores according to who pays for the training. Those employers who pay for industry training were the most satisfied (67%) with those where they and the employee both pay came next (61%) while those where the employee pays had the lowest satisfaction score (57%).

Enhanced and more frequent contact with the ITO was the factor most cited by employers with concerns: while 34% said they had contact at least monthly, a further 49% said they had contact only twice or three times per year. This finding underlines the need for a more realistic funding regime for the sector, as well as reinforcing the concerns primary sector employers have across the board about the possibility of a transfer of the arranging function to the national ITP.

Seafood employer *“Primary ITO has listened to industry in shaping the new qualifications.”*

Arborist employer *“I feel the ITO is good at being adaptable to help make things work for business/employees in the outer regions. I feel this is a key point of difference and is vital this kind of approach is retained and worked with more within the ITO.”*

Sheep and Beef farmer *“Courses great and fit in well to season tasks. Great follow up from advisors.”*

Dairy Farmer *“Provide relevant training locally, easy accessibility to staff, reducing the need to cover for them in their absence.”*

Dairy Farmer *“Staff have a good understanding of industry needs.”*

Sheep and Beef farmer *“Great people who know the industry.”*



Dairy Farmer *“Demonstrate great knowledge of the courses available and ensure trainees only do courses applicable to their ability or on-farm experience level.”*

Vegetable production employer *“Training adviser is approachable and understands the pressure of seasonal workloads and fits the training in around this.”*
