

Submission: Consultation on Industry Skills Board Coverage – Tertiary Education Commission May 2025

Contact for Correspondence

Joseph Brolly

Chief Operating Officer, New Zealand Forest Owners Association

joseph.brolly@nzfoa.org.nz

027 472 9376

We welcome the opportunity to participate in the Tertiary Education Commission's consultation on Industry Skills Board coverage.

About the Submitters

1. This submission is made on behalf of the newly established joint Forest Owners Association/Forest Industry Contractors Association Forestry Training Committee which is made of up representatives from the:
 - a. New Zealand Forest Owners Association
 - b. New Zealand Forest Industry Contractors Association
 - c. Nga Pou a Tane – the National Māori Forestry Association
 - d. New Zealand Farm Forest Association.
2. One of the committee's key aims is to provide clear and coordinated guidance from forest owners and employers to government on the training needs of the forestry sector.

About Forestry

3. New Zealand's 1.75-million-hectare production forest estate employs nearly 40,000 people across the supply chain. 8,500 people are employed directly in forest harvesting, silviculture, engineering and management roles ¹.
4. Forestry is the country's fourth largest export earner. It contributes 1.6 percent of New Zealand's GDP. In 2023, the forest growing sector was worth \$6.35 billion in export value and has a 12 percent share of rural land use.
5. Plantation forests play a significant public good role in helping New Zealand meet its net-zero emissions targets by 2050 through carbon sequestration and providing feedstocks to meet growing demand for bioenergy, and for high-value products that offer an alternative to those made from fossil fuels. This vital role is only going to increase in the future.
6. Forestry is a strategically vital industry for achieving the government's goal of doubling exports over the next decade. Over the past ten years, the sector has significantly increased harvesting productivity, achieving higher production levels without expanding the workforce. This efficiency gain has been driven primarily by the mechanization of previously manual roles, streamlining operations and enhancing overall output. As a result, wages have risen substantially, fostering a highly skilled and well-compensated workforce that makes a significant economic contribution to rural New Zealand.

¹ Forestry and Wood Processing Labour Force Survey, NZIER report to Ministry for Primary Industries, 2021.

7. Although the forestry sector employs a relatively small workforce, its contribution to national export earnings is highly significant. The majority of jobs are based in regional areas, where forestry plays a vital role in supporting provincial economies and driving local economic growth.
8. Forestry harvesting training requires intensive, high-input instruction for a small number of learners, making it unsuitable for traditional classroom-based teaching. Training and assessment are typically conducted one-on-one rather than in cohorts, as hands-on experience is essential. For example, operating a 30-ton loader to load trucks on a forest landing requires practical guidance in a real-world setting rather than classroom instruction.
9. Forestry crews operate in remote locations and frequently move, making it challenging to access learners and provide consistent training. The most effective approach is a network of roving assessors and trainers who work closely with forest harvesting contractors to deliver on-site training and assessment. This model ensures that learners receive hands-on instruction in real working conditions while minimizing disruption to forestry operations.
10. Over 95% of forestry training occurs on the job. Forestry employers typically arrange and cover the costs of training and assessing as part of their operational expenses. Larger businesses often employ in-house trainers/assessors. Smaller businesses rely on the local Competenz assessor and trainer (mainly for assessment work). In practice training is usually done on the job by the harvesting/silviculture business, with an assessor brought in to “sign off” a learner. Ultimately, most of the costs of training are passed on to forest owners through the harvesting rate.
11. In 2023, a total of 3,400 individuals were enrolled in Muka Tangata’s suite of forestry qualifications, with 47% enrolled at NZQF Level 3 and 48% at Level 4.
12. Forestry employers find the vocational system complex and confusing to understand and use and question the level of costs associated with training.
13. Training has notably high rates of training participation due to the high-risk nature of forestry work and a long standing culture of training for task.
14. Muka Tangata is our existing WDC and Competenz is our relevant Workbased Learning Division. We note that Forestry is a small component of Competenz, who serves 26 other industries.
15. We note industry concern regarding ongoing reforms and near-constant change to vocational training over the past five years. Many employers and learners have observed that the vocational training system has become increasingly complex and difficult to navigate.
16. The Government has set an aspirational goal to double exports by 2034, including those from the food and fibre sector, which accounted for 81% of all goods exports in 2024. This sector delivers exceptional export value with a relatively small workforce—each food and fibre worker contributes approximately \$130,000 in merchandise exports, around ten times more than the average for workers in other sectors.

Response to the Industry Skills Board Allocation

1. We welcome the disestablishment of Te Pūkenga and the Workforce Development Councils (WDCs). These organizations required significant funding without delivering noticeable improvements in vocational training outcomes.

2. We welcome the establishment of Industry Skills Boards (ISBs), which will be more accountable to the industry and have a more defined and streamlined scope compared to the Workforce Development Councils.
3. We agree it is appropriate for forestry to be allocated in the Food and Fibre Industries ISB, provided there is forestry representation on the Board. We note the difference between how forestry training is delivered (remote settings, one on one training, roving trainers and assessors, high-cost low volume, and high industry training participation rates) compared to other primary industries. We also acknowledge the common ground with other primary industries.
4. We are concerned that forestry may be overshadowed in ISB funding allocations and decision-making processes by larger, more influential sectors such as agriculture. This has been a problem in the past, where forestry's unique needs and contributions were not given adequate consideration. To ensure that forestry's interests are fairly considered and supported, direct representation on the board is essential. Forestry is New Zealand's fourth-largest primary industry by export value and has a critical role to play in helping the Government achieve its goal of doubling export earnings.
5. We note the significant reduction in funding allocated to the ISBs compared to WDCs and welcome efforts to increase efficiency. To ensure each ISB is sufficiently resourced to deliver on its core functions, we recommend reducing the number of ISBs from seven to five. Consolidating the structure in this way would reduce duplication of overhead and administrative costs, allowing for more effective use of available funding and better outcomes for industry.

Comments on the Industry Skills Boards

6. We support the transition of the Work-Based Learning Divisions—Competenz in our case—into the ISBs and then to independent entities. We welcome the opportunity for greater industry governance and control in shaping vocational education outcomes. While we support the changes proposed we stress that this support is conditional on further change to training provision and funding, as without changes in these areas the ISB reform will achieve little on its own.
7. We seek further clarification on the current shared support services model delivered by Hapaitia Limited under the WDC framework, and whether this approach will be retained for the ISBs. Based on our experience, we recommend discontinuing the shared services model, as the anticipated economies of scale and cost savings did not materialise. Instead, we propose that each ISB manage its own in-house support services (e.g., accounting, human resources), which we believe will result in greater efficiency, responsiveness, and accountability.
8. We support the ISBs' focus on standard setting as a core function. However, we caution against allowing ISBs to charge polytechnics or private training establishments (PTEs) for moderation services. Introducing such charges risks unintended consequences, including overly stringent or excessive moderation. This would disproportionately impact smaller PTEs, which are less able to absorb additional costs than larger providers, and may result pushback against moderation and potential "under moderation" as PTEs try to avoid the additional cost.
9. Instead, we recommend that moderation be publicly funded by the Tertiary Education Commission (TEC). As an alternative revenue model, we suggest that industry

- contribute to the development of new qualifications through a user-pays approach, which would better align incentives and ensure industry buy-in.
10. We support the inclusion of strategic workforce analysis and planning (SWAP) as a core function of the ISBs but recommend a light-touch approach. Many of the issues we encountered with SWAP under the WDC model stemmed from insufficient communication between the WDC and industry—particularly around untested assumptions and incorrect data sources. Improved engagement would resolve most of these concerns. This is one of the key reasons our new joint Forestry Training Committee was established. We recommend that SWAP personnel meet with the committee at least every six months—or more frequently if needed—to maintain a strong connection and ensure a robust feedback loop.
 11. We recommend that a representative from the forestry sector be appointed to one of the six available director positions on the Food and Fibre Industries ISB Board. Forestry is New Zealand’s fourth-largest primary industry by export value and will play a vital role in supporting the Government’s goal to double export earnings. We also wish to highlight industry concerns about the risk of forestry being overshadowed in ISB funding allocations and decision-making processes by larger, more influential sectors such as agriculture. Direct representation on the Board would help ensure forestry’s interests are fairly considered and supported.
 12. We request greater clarity on the operational details of the ISBs and emphasise the importance of building on the lessons learned from the WDCs. It is essential that the ISBs retain what worked well under the WDC model and identify areas that were less effective, using this as a foundation for improvement rather than starting from scratch. We recommend that the WDCs should hand over all relevant files and resources to the new ISBs as part of the transition process.
 13. We recommend that the new ISB establish a formal communication channel with our committee to ensure alignment with the forestry sector. We suggest that our quarterly meetings provide an appropriate and efficient forum for ongoing engagement.
 14. We recommend that the orders in council specifically require engagement with industry associations to ensure strategic alignment.

Industry Skills Board – Establishment Advisory Group

15. Establishing the ISBs is a significant undertaking. We question the wisdom of limiting industry representation on the Establishment Advisory Group (EAG) to only three members, given the complexity and importance of the issues, as well as the anticipated workload.
16. We strongly recommend that EAG members possess deep insight into what worked—and what did not—under the WDC model. In addition, they should have real-world experience as employers engaging with the vocational education system, in order to understand both systemic and operational challenges.
17. To that end, we have nominated our committee chair, Kevin Ihaka, as a representative from the forestry sector. We firmly believe he brings unique insights and expertise that make him an ideal candidate.
18. Kevin Ihaka (Ngāti Kahungunu) is the founder and director of the FPS Group of companies (FPS Forestry Ltd, FPS Forest Protection Services Ltd, and FPS Geospatial Ltd). He holds a number of governance roles, including Chair of the Forest and Rural Fire Association, Deputy Chair of the United Fire Brigades Association, and Founding Trustee

of the Forest Industry Safety Council. He also serves as a Director of the Forest Industry Contractors Association.

Kevin is a former Deputy Chair of Muka Tangata and a member of the Competenz Strategic Advisory Board. He is actively involved in multiple forestry sector advisory and working groups focused on health and safety and rural fire, and through his business has engaged with NorthTec, Te Wananga O Aotearoa and the Fire and Rescue Services Industry Training Organisation.

General Strategy Comments

19. Implement a “low-volume, high-value” training fund to support critical skill areas that have a high impact on industry output, productivity, and profitability. Training in these key skill areas is not viable under the current provider-centric, volume-based funding system. Funding support for these high-value skills could be provided through a dedicated training fund, managed by the ISB and allocated to industries on a contestable basis.

Alternatively, our preferred approach is to move away from volume-based funding for providers. Instead, the ISB should prioritise and allocate funding to industries, enabling them to “purchase” the training they need. This industry-led, or "pull," approach would ensure that training is delivered at the right time, in the right place, and in the right form, allowing industries to upskill staff in line with operational and market needs.

20. Ensure ongoing delivery capability across the country for food and fibre training. As polytechnics aim to demonstrate financial viability, there is a risk they will discontinue higher-cost, lower-enrolment food and fibre programmes that are essential to our industries. This has already been the case with Toi Ohomai cancelling the New Zealand Diploma in Forest Management program. Targeted investment may be required to maintain delivery, but this is made difficult by current funding and regulatory settings. It is essential that funding is directed to the training required by industry, delivered where and when it is needed and not influenced by incentives to the provider.
21. Ensure national delivery capability for workplace training. Without national economies of scale, many employers and regions risk being left without viable training options.
22. Free up funding and regulatory constraints for micro-credentials in food and fibre. These small learning modules are responsive to industry skill needs and can be stacked over time toward full qualifications. Micro-credentials should be funded at the same level as apprenticeships and formal qualifications. Greater flexibility is also needed to include more “elective content” within micro-credentials, allowing training to be tailored to specific roles. This is particularly important as forestry contractors become more specialised and adopt unique tools and technologies.
23. Develop more flexible regulation for workplace-based and employer-led learning. The current system is heavily oriented toward provider-based learning. A differentiated regulatory approach to on-the-job training should be explored.

Workers who are already employed are earning wages, supported by their employers, and covered by workplace health and safety legislation as well as employment regulations. They do not require the same level of regulatory oversight as students who are not yet in the workforce. Training delivered by an industry-controlled organisation to full-time workers within the industry should not be subject to the same requirements currently imposed on Private Training Establishments (PTEs).

24. Restore eligibility for workplace training to workers with valid work visas. Many forestry silviculture employers rely on migrant workers, who must be trained in New Zealand's unique conditions and systems to be productive and effective.

Looking to the Future

We support the transfer of the Work-Based Learning Division, Competenz in our case, into the ISB and welcome the opportunity for increased industry control. We offer the following recommendations:

25. Preserve the forestry-specific expertise and capability currently held within Competenz. Valuable knowledge, resources, and relationships have been developed over time and must not be lost in the transition.
26. Forestry Trainers and Assessors currently sit within the industry (mainly as independent contractors) and need to be supported by a national PTE or access to national network. There is a precedent for this under the Logging and Forestry Industry Training Board model run by industry until the early 2000s.
27. A leaner and more responsive forestry training provider would be an improvement with strong industry oversight.
28. We support an on-the-job training model. A network of roving trainers and assessors is the most effective approach for our sector. In our experience, polytechnics have not served forestry training needs well.
29. Improve access to trainers and assessors by reducing delays and the high costs currently faced by employers.
30. Streamline the process for WBLDs to become "Industry PTEs" by reducing the regulatory requirements considering that existing systems, materials and processes are already in place.
31. Lower the per-credit cost of training delivery to ease the financial burden on employers and promote greater uptake of training. Reducing overhead and compliance costs is key to achieving this.
32. Some forestry employers are beginning to question the sustainability of NZQA-based training due to high costs and are considering exploring options for building on our existing worker certification framework.
33. Reduce the ongoing bureaucracy and compliance cost for industry-controlled organisations providing training to learners who are employed full time, this will ensure more of the funding is used to deliver training and less is wasted on compliance.
34. Review the funding for Industry PTEs to include Industry "pull" for services, not the current provider led approach to volume-based training.
35. Allow flexible micro-credentials aligned to roles/tasks and fund these to the same extent as qualifications.

36. Review apprenticeship rules to allow multiple micro credentials to be combined into an apprenticeship pathway and allow a greater range of level 3 skills to be included.
37. We do not support the introduction of an industry training levy or an ISB funding levy—particularly given the decline in real price returns for forestry products since 2022, rising operational costs, and the introduction of numerous new charges and regulations. If a levy were to be considered, it must take into account the substantial on-the-job training that employers already provide at their own expense. In such cases, will employers receive a rebate or recognition for this existing investment?
38. Instead, we urge the Government to focus on improving the effectiveness of the significant public funding already allocated to vocational training. The core issue is not a lack of funding, but rather the need to use existing resources more efficiently and ensure incentives are better aligned. The recommendations outlined above offer practical solutions to help achieve this.

Thank you for the opportunity to participate in the Tertiary Education Commission’s consultation process on Industry Skills Board coverage. We welcome the opportunity to discuss this submission further in person.