



Submission: Consultation on Proposed Variations to 2026 Funding Determinations

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Contact for Correspondence

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We welcome the opportunity to participate in the Ministry of Education's consultation on 2026 Funding Determinations.

About the Submitters

1. This submission is made on behalf of the joint Forest Owners Association/Forest Industry Contractors Association Forestry Training Committee which is made up of 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 roles¹.
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

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

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.
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 tonne 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 move frequently, 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. Forestry 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. 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.
15. 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.

We oppose the proposed 7 percent reduction to Work Based Learning Funding

16. We strongly oppose the proposed 7 percent reduction in work-based learning (WBL) funding. More than 95 percent of forestry training is delivered on the job. Any cut to WBL funding will have a disproportionately high impact on our sector. Forestry has few practical alternatives to WBL and has struggled to achieve satisfactory results from polytechnic based training.
17. We acknowledge and welcome the Budget 2025 initiatives aimed at reducing wastage and improving efficiency. However, we respectfully submit that any search for efficiencies should focus on classroom-based provision, where the potential gains are far greater. In some polytechnics, over half of allocated funding is absorbed by back office and administrative costs rather than directly supporting learners.
18. We challenge the underlying assumption that WBL should attract lower funding rates than classroom-based learning. In our experience, WBL consistently delivers superior outcomes for learners and employers compared to classroom provision.
19. Forestry has one of the highest rates of training participation in New Zealand, driven by the high risk nature of the work and a deeply embedded culture of training for task. A funding reduction could result in fewer workers being trained, placing them at unnecessary risk.
20. Reducing WBL funding rates would be a step backwards. It risks the perverse outcome of reducing training and development in our sector at a time when employers already face significant costs for training and assessment.
21. International evidence is clear. On the job training delivers the best results for learners and is a cost-effective use of public funds.
22. Workplace learning drives productivity growth and underpins higher export earnings, particularly in forestry. The Government has set an ambitious target to double exports by 2034, including from the food and fibre sector which contributed 81 percent of all goods exports in 2024. Cutting WBL funding directly undermines this goal.
23. Forestry is a textbook example of low volume, high impact training outcomes. For instance, training an operator to competently operate a highly complex and sophisticated tethered felling machine for steep slope harvesting is costly, yet it produces high returns. A proficient operator in such a machine can achieve high daily production tonnage, deliver significantly improved safety outcomes, and lift overall industry productivity. This type of workplace based specialised training is exactly what should be supported to strengthen national productivity and drive export growth.
24. The proposed funding cuts would reduce the capacity to deliver training that is tailored to industry needs, weaken provision in rural and remote areas, and risk the loss of strategically important, high-value courses.
25. Polytechnics are receiving funding increases to safeguard their viability. WBL provision is equally deserving of protection and support.
26. The Learner Component funding must also rise to reflect the growing cost of supporting learners with low prior attainment, diverse needs, and learning

difficulties. These groups make up a significant share of food and fibre learners and require adequate funding to succeed.

Proposed Changes to Free First Year Fees Will Hurt Forestry Recruitment

27. We welcome initiatives to ensure public funds are used carefully and efficiently. However, we do not support shifting the year of free fees from the first year to the final year of study. This change will deter new learners and make it harder for them to begin training. Our experience shows that once learners commence a course, they are far more likely to complete it.
28. Many prospective learners and their families are unwilling or unable to take on debt for initial training, particularly those from modest backgrounds in rural communities where most of our learners are based. Without free first year fees, these learners will miss out on opportunities to enter the industry and upskill.
29. The proposed change will shrink the forestry talent pipeline and exclude learners who might otherwise have taken the first step into training.

Industry Skills Boards Must Be Adequately Resourced

30. We note that Industry Skills Boards (ISBs) are identified as a Tertiary Education Organisation in the consultation paper, and that presumably funding decisions have already been made. In the interests of transparency ISB funding decisions should be included in the 2026 determinations.
31. There is real concern from forestry and the wider Food and Fibre group that ISBs may be underfunded for 2026. This will limit the ability of the Food and Fibre ISB to lead, coordinate, and deliver quality services to primary industry.
32. We note that the three experienced candidates put forward by the Food and Fibre Chief Executive group, including a highly capable candidate from forestry, were not appointed to the Food and Fibre ISB Establishment Advisory Group. Going forward, it is important that industry, including employers, have strong representation at the ISB board. We would expect forestry to be granted a board position, given that we are New Zealand's fourth largest by exporter value and an important strategic partner. Training is also a critical issue for us as a high-risk industry.

Summary and Recommendations

Forestry is vital part of New Zealand's Food and Fibre sector and an important strategic partner for increasing exports and lifting national productivity performance:

- \$6.35 billion in export earnings in 2023.
- Fourth largest export earner, contributing 1.6% of GDP.
- Major rural employer with nearly 40,000 jobs, mostly in regional New Zealand.
- Over 95% of training delivered on the job in real working conditions, with high industry participation rates in training.
- Strong commitment to training and a proud tradition of training for task across all roles in harvesting and silviculture.

Our submission raises three urgent concerns and offers practical solutions:

1. **Reverse the proposed 7% Cut to Work-Based Learning (WBL) Funding**
 - a. International evidence confirms WBL is the most effective, cost-efficient way to train.
 - b. A funding cut will reduce industry tailored delivery, harm rural access, and risk losing high value, low volume courses.
 - c. Polytechnics are receiving funding rate increases, WBL should be treated the same.
2. **Maintain First Year Fees Free for Food and Fibre Training**
 - a. Removing free first year fees will deter new entrants, especially from regional and lower-income backgrounds.
 - b. This will weaken the talent pipeline for an industry already facing skill shortages.
3. **Fully Resource Industry Skills Boards (ISBs)**
 - a. Funding decisions for ISBs should be transparent and published with the 2026 determinations.
 - b. Under resourcing will compromise the ISB leadership role and provision of sector services.

Why This Matters:

These targeted investments will sustain training, protect jobs, and strengthen one of New Zealand's most productive and strategically important export sectors. Failing to act risks undermining the government's own goals to double exports by 2034 and maintain a highly skilled rural workforce.

Thank you for the opportunity to participate in the consultation process. We welcome the opportunity to discuss this submission further in person.

