

Event backgrounder: Meeting with Primary Industry Training Organisation on Thursday 11 April 2019

To:	Hon Chris Hipkins, Minister of Education
From:	Section 9(2)(a) Manager Delivery and Projects
Date:	10 April 2019
Reference:	E-19-00512

You are meeting with the Primary Industry Training Organisation

1. This paper provides you with background information ahead of your meeting the Primary Industry Training Organisation (ITO) on Thursday 11 April at 6pm.

Background information on Primary ITO

2. Primary ITO has coverage for the agriculture, horticulture, sports turf, dairy manufacturing, meat processing, seafood, petrochemical, energy and chemical plant industries.
3. Primary ITO has been experiencing declining training volumes in recent years. The ITO's funding has reduced over the last four years due to lower demand for training. The ITO's allocation has reduced from \$30.2 million in 2016 to \$25.5 million in 2019.
4. We are engaging with Primary ITO on its approach to managing within a significantly reduced budget, and strategies to stimulate learner demand in the food and fibre industries.

Table 1: Funding and learner numbers 2014-18

	2014	2015	2016	2017	2018*
Funded delivery	\$29.0m	\$28.0m	\$24.7m	\$24.5m	\$22.1m
Total trainees and apprentices	27,500	27,100	25,400	23,600	20,100

*2018 numbers are yet to be finalised.

Primary ITO's educational performance indicators (EPIs) have shown mixed results

5. Primary ITO's programme completion rates are similar to the ITO sector average. However, the ITO's credit achievement rate trails behind the ITO sector average.

Table 2: Education Performance Indicators

	Credit Achievement				Programme Completion		Cohort-Based Programme Completion ¹		
	2015	2016	2017	2018*	2015	2016	2016	2017	2018*
Primary ITO	74%	73%	66%	62%	80%	83%	64%	70%	65%
ITO subsector	80%	80%	78%	74%	75%	77%	62%	69%	68%

*2018 rates are yet to be finalised.

Primary ITO's External Evaluation and Review (EER) and recognition status

6. NZQA published Primary ITO's EER in December 2016. Primary ITO was assessed as confident in ITO performance and confident in capability in self-assessment. This EER result means Primary ITO is a category two ITO.
7. Primary ITO's recognition as an ITO for its specified industries is due for renewal in June 2019.

There is a need for more highly skilled people in the food and fibre industries

8. The report *Future capability needs for the primary industries in New Zealand* (2014), published by the Ministry for Primary Industries (MPI), highlighted the need for a larger, more highly skilled workforce for the food and fibre industries. These industries dominate New Zealand's tradeable sector, which in turn largely determines New Zealand's per capita income and living standards. Productivity gains in the food and fibre industries therefore have positive, economy-wide impacts.
9. The food and fibre industries are, and will continue to be, major users and creators of knowledge and technology. As farming, processing systems and value chains get increasingly sophisticated, the food and fibres require a greater range of skills to create value, manage risk and take full advantage of increased market opportunities. Specialist skills will also be needed in the areas of food safety, biosecurity, sustainability and animal welfare.
10. Skills demand and supply are not well matched and therefore constrain industry productivity growth. In 2012, it was estimated that only 44 percent of food and fibre sector workers had a formal post-school qualification. While it is not possible to forecast skills demands in detail, it is clear that skill levels have to rise throughout the food and fibre industries.

Partner organisations provide support for capability development

11. A well-functioning training system is important to meet future capability needs, and Primary ITO has a role to play in working with industry partners to encourage and incentivise the current workforce to up-skill.
12. The ITO, along with MPI, is a member of the Primary Industries Capability Alliance (PICA), a contributor to building capability in the food and fibre industries.

13. PICA has a strong focus on working with schools to help attract more people into these industries.
14. Primary ITO uses 14 Industry Partnership Groups (IPGs) to provide feedback and advice on training requirements in each industry. The IPGs comprise industry representatives that volunteer their expertise. In particular, the IPGs are used to inform qualification development and provide insight into future demand in the primary industries.
15. The TEC and industry co-chair an Agribusiness Management Working group (focusing largely on innovative approaches to building management capability in the dairy, post-harvest horticulture and progressively the sheep and beef sector). This includes considering the potential role of micro-credentials and recognition of prior learning in the dairy and post-harvest horticultural sectors. TEC is also working with the ITO on a proposed pilot project in horticultural training.

Food and Fibre industries are a focus for investment

16. The food and fibre industries are a priority focus area for TEC's careers and investment functions.
17. In February 2019, TEC signed a Memorandum of Understanding (MoU) with PICA to strengthen our relationship with it. The MoU supports the sharing of data and research, alignment of engagement with learners and promotion study and career opportunities in the sector.
18. TEC is working actively with Primary ITO, industry and MPI to promote to potential learners the career opportunities in the food and fibres industries, and pathways to them. It is also encouraging higher level provision through increased investment along with supporting innovation in how food and fibres industries provision is delivered.
19. Later this year, TEC will launch a *Food and Fibres industries Skills, Education and Investment* programme. This will:
 - identify areas of high industry demand;
 - identify where learners get good post-study outcomes (noting learner starting points, regional labour market variance, etc); and
 - develop and market quality learner information and careers services to stimulate increased learner enrolments/completions in priority areas.

The Primary ITO wishes to discuss its submission on the Reform of Vocational Education (RoVE)

Background

20. The RoVE proposals have profound implications for vocational education provision in the food and fibres industries. In integrating all Institutes of Technology and Polytechnics (ITPs) into the New Zealand Institute of Skills and Technology (NZIST), it will be important to ensure enhanced delivery to regional New Zealand industries and communities.
21. Under the RoVE proposals, ITOs have the potential to evolve into Industry Skills Bodies (ISBs). ITO's current roles of arranging in-work training would transfer to the NZIST and other providers.

22. Under the new proposed system ISBs would have skills leadership roles. They will develop qualification, set standards, and moderate assessments. ISBs will also advise TEC on the education and training needs of industry.

The Primary ITO submission on RoVE

23. We received a submission from the Primary ITO on 5 April 2019. A full copy of the submission is attached as Appendix Two.

24. The key issues presented in the submission are summarised below.

- Primary ITO recognise that the Minister is seeking system change, and wish to work constructively with government to design and executive an industry led, government enabled and learner centred vocational education system.
- It states that it has received support for its views from over 200 industry stakeholders and has formally engaged with 100 firms, industry bodies and local bodies.
- It supports any potential ISBs having a brokerage role, and a role to define curriculum and qualifications.
- It would welcome the opportunity to transition to an ISB as an early adopter.
- It sees ITOs retaining a brokerage function as essential. This includes matching employees and employers, designing training plans (including pastoral care), negotiating apprenticeship agreements, identifying literacy and numeracy issues, arranging off-job training and school liaison.
- Primary ITO does not support the brokerage function of ITOs (arranging training) being shifted to the NZIST (and though it's not explicitly expressed, presumably to other providers)
- It supports a smaller number of ISBs than ITOs – and suggests six.
- It supports changes to the funding system that recognises high cost delivery – such as primary industry delivery – as well as informal, non-formal and short course learning opportunities.
- It raises a number of issues it believes are unique to the primary industry sector, such as access of training for owner/operators and pastoral care, given the geographic dispersal of learners.

It proposes 15 recommendations for consideration in the RoVE project

25. These are recommendations that relate more specifically to the primary industry in which the ITO operates. These recommendations are briefly summarised below:

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.
2. There should be a whole of primary sector ISB (including forestry, food and beverage processing and other relevant areas).
3. ISBs should have leadership of the skills system in their industry (including determining curriculum direction).
4. There should be clearly defined roles and a co-operative relationship for ISBs and Centers of Vocational Education (COVEs,) with ISBs setting the direction of the curriculum and CoVEs setting the details of the curriculum.

5. ISBs and CoVEs in an industry must be well-aligned with appropriate interconnectedness and complementarity, possibly through cross-membership of the governing boards.
6. ISBs should have the role of brokering training.
7. ISBs should have a defined role in addressing labour market issues that relate to skills in their industry.
8. ISBs' responsibilities should include oversight of the whole of the learning pathway in their industry.
9. ISBs should have the mandate to participate in the careers advice system, including engaging with schools.
10. 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.
11. Industry should be allowed to tailor its ISB recognition processes to its own needs.
12. In addition to industry leaders, ISBs' governing bodies should include workers, trainees and Māori representation.
13. A single integrated funding model is needed to address fragmentation in vocational education and competition between ITPs and ITOs.
14. Address the issue that rural areas are poorly served by broadband infrastructure, relative to urban areas.
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.

Anything else that Primary ITO might raise, or that you might want to discuss

26. The submission from the Primary ITO takes a broad view of the proposed vocational education reforms, and seeks ISB participation in the careers advice system, which is outside of the remit of the RoVE proposals. They had also discussed wider access issues, such as infrastructure to support rural learners. They may wish to discuss wider educational sector settings in relation to the proposals.

27. Primary ITO has introduced specific recommendations about industry being able to tailor ISB recognition processes, the governing bodies of ISBs, and having a defined role in addressing labour market issues – not defined only to vocational education. In addition, they have also stated that they emphatically believe the brokerage/arranging training function should not be removed from ITOs. You may wish to discuss these specific points of their submission.

Section 9(2)(a)

Manager Delivery and Projects

10 April 2019

Hon Chris Hipkins

Minister of Education

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Appendix A – submission from Primary ITO
