

## Redesign of the vocational education and training system:

# Submission by Muka Tangata, the workforce development council for the food and fibre sector

## Contents

Introduction from the Chair.....	2
Executive summary .....	3
The food and fibre sector is the mainstay of the New Zealand economy .....	3
Recent reforms to food and fibre VET are having positive effects.....	4
The food and fibre sector has identified problems and opportunities for further improvement .....	4
Low-volume but strategically important programmes are difficult to deliver sustainably.....	4
Classroom-based, workplace-based and ‘hybrid’ delivery models are all needed .....	5
Micro-credentials and ‘skills portfolios’ are difficult to deliver .....	5
Technological change is an opportunity for the VET sector.....	6
The economic cycle creates difficulties and opportunities .....	6
The VET system could do better for diverse learners and employers, especially Māori.....	6
The food and fibre sector’s proposal: A dedicated, industry-led, standard-setting, commissioning and brokering organisation for food and fibre VET .....	7
Implementation considerations .....	8
Responses to consultation questions.....	9
Proposal 1: Creating a healthy ITP network that responds to regional needs.....	9
Proposal 2: Establishing an industry-led system for standards-setting and industry training	10
Proposal 3: A funding system that supports stronger vocational education .....	13
Concluding questions .....	14



## **Introduction from the Chair**

As representatives of New Zealand's most important export sector, Muka Tangata seeks to ensure that our sector can access the skilled workers that it needs to be able to farm, grow, process, package and export in ways that are productive and profitable. This requires appropriate structural, institutional and funding settings for the vocational education and training (VET) system, especially for workplace-based learning, which our sector prefers.

In preparing this submission, we have engaged extensively with food and fibre sector leaders to gauge their reactions to the proposals, their aspirations for the future of their sector, and how the VET system can contribute to meeting those aspirations. The sector's feedback is reflected in this submission.

We support the Minister's goal of achieving financial sustainability for polytechnics. However, the reforms proposed to the structures and arrangements of the VET system do not adequately address the problems that are outlined further in this submission and risk perpetuating and worsening the skill gaps that our sector experiences.

We propose a dedicated, industry-led organisation for food and fibre VET that would exercise standard-setting functions and that would additionally undertake strategic commissioning and brokering of programmes needed by our sector.

Most of the problems in the VET system come back to the allocation of funding and the incentives and disincentives this creates. A new approach is needed that gradually moves us away from volume-based funding and towards a system where the government's substantial investment in VET is allocated strategically, with industry involvement, and with the explicit goals of meeting the industry's skill needs and contributing to economic growth and prosperity.

Regardless of which options are chosen, the food and fibre sector would value future stability of regulatory and funding arrangements to enable a reliable skills 'pipeline' to emerge for our sector. We seek a leadership role in the further design and implementation of the Government's preferred options and offer our support.

**Erin Simpson (Taranaki, Te Āti Awa)**

**Chair, Muka Tangata and horticulturalist**



## Executive summary

The food and fibre sector has identified the following problems and opportunities with vocational education and training (VET) in the sector:

- Funding of food and fibre VET needs to support sustainable delivery of programmes (especially low-volume but strategically important food and fibre programmes).
- Food and fibre VET needs to be agile by recognising and accounting for technological advances, such as mechanisation and AI.
- Stronger industry leadership and voice is needed in funding, commissioning, administration and delivery. VET must ultimately meet the industry's skill needs.
- More flexibility is needed in delivery and assessment to account for how, when and where the food and fibre sector works (classroom-based delivery is not always suitable).
- Food and fibre VET needs to better recognise the diverse needs of employers and learners, especially Māori.

The reforms proposed by the Minister provide an opportunity to address the identified problems, to make the most of the opportunities, and to future-proof the VET system so that it meets the needs of our sector.

The sector proposes the establishment of a dedicated, industry-led, standard-setting, commissioning and brokering organisation for the food and fibre sector. The organisation resembles the Minister's proposal 2B, but with key additional responsibilities in commissioning and brokering food and fibre VET programmes.

Under strong industry leadership, the proposed organisation would exercise standard-setting functions, with a clear mandate to increase efficiency, to improve the functioning of the VET system (especially of workplace-based learning), and to ensure the availability of skills the food and fibre sector requires.

The food and fibre sector seeks a leadership role in the further design and implementation of the Government's preferred options and offers its support.

## The food and fibre sector is the mainstay of the New Zealand economy

In the year to March 2024, the food and fibre sector accounted for 80.9 percent of New Zealand's merchandise exports. The forecasted value of these exports (in the year to June 2024) is \$54.6 billion, representing more export value (about \$130,000 per worker, per year) than almost any other sector of the economy. The sector employs 395,000 people (12.8 percent of the workforce) and is training more than 30,000 at any one time. The sector's direct contribution to New Zealand's gross domestic product is 10.5 percent. For the New Zealand economy to do well, the food and fibre sector must be able to work productively, profitably and innovatively.

The Government has set an aspirational goal of doubling exports (by value) in ten years. Reaching this goal will require significant private and public investment into technology and

skills, as well as appropriate regulatory settings in both the food and fibre system and the VET system. New Zealand has a great variety of food and fibre production and could realistically aim to be a leading provider of specialist training in food and fibre that attracts international students. A coordinated approach, in conjunction with our emerging food and fibre technology sector, could provide a truly world-class offering.

As illustrated during the COVID-19 pandemic, access to skilled workers remains a critical problem for the food and fibre sector. The sector remains reliant on temporary migrants, including working holidaymakers and Recognised Seasonal Employer scheme workers from Pacific countries. The sector could be significantly more productive and profitable if it had reliable access to skilled workers. However, despite repeated attempts at reform, setting up a reliable skills 'pipeline' that meets the needs of the food and fibre sector has proven difficult.

## **Recent reforms to food and fibre VET are having positive effects**

The VET system in New Zealand has been in almost constant flux since the early 1990s. That period saw the creation of industry training organisations (ITOs), which were tasked with arranging (but not delivering) workplace-based training for their sectors. Institutes of technology and polytechnics (ITPs), initially as standalone bodies and more recently as part of Te Pūkenga, have continued to provide primarily classroom-based education and training, as have private training establishments (PTEs), which greatly increased in number and diversity during this period.

The recent creation of Workforce Development Councils (WDCs) has improved the connections between their respective industry sectors and the VET system. It has also ensured that standard-setting, qualification development and the provision of analysis and advice are able to be carried out at a system level independently, conflict-free and in a way that recognises the needs of industry.

## **The food and fibre sector has identified problems and opportunities for further improvement**

In preparing this submission, the food and fibre sector has gained an understanding of the problems and opportunities in the VET system, and how these problems might be addressed and the opportunities realised. The problems and opportunities are summarised below.

### **Low-volume but strategically important programmes are difficult to deliver sustainably**

Many VET programmes that are strategically important to the food and fibre sector (for example, relating to irrigation) are unlikely to attract sufficient learner numbers to be financially sustainable in a volume-based funding system. Providers are unlikely to develop and maintain programmes, and to bid for funding from the Tertiary Education Commission (TEC), which means that there is little or no provision, especially in the regions.

While many food and fibre VET programmes have reasonably high enrolments (for example, in forestry) and are therefore financially sustainable, certain key programmes require strategic funding (and potentially direct commissioning) to meet the sector's skill needs. While the Minister's proposal is primarily concerned with the structural and institutional

arrangements of the VET system, addressing the disincentives that the funding approach creates will be essential to achieving the goals of the further reforms.

### **Classroom-based, workplace-based and ‘hybrid’ delivery models are all needed**

The food and fibre sector often works seasonally and in remote places. Periods of high demand (for example, during calving or harvest) are interspersed with quieter periods. The food and fibre workforce is highly mobile and is often shared by different industries across the food and fibre sector.

Classroom-based learning, and the academic year around which it is based, is often insufficiently flexible to meet the needs of food and fibre learners and employers. While workplace-based learning is sometimes available (and is often valued more by employers and learners than classroom-based learning), the system is not properly integrated between the two forms of delivery and presents a disjointed and unsatisfactory experience to many learners and employers. Cultural differences between ITPs and former ITO, and their previously competing interests, compound this problem.

Because of seasonality and location, and the mix of skills that learners need to have, the food and fibre sector is ideally suited to workplace-based and ‘hybrid’ programmes that include both classroom and workplace-based components. However, increasing the uptake of workplace-based learning requires greater learning support for food and fibre employers. This is especially important for industries that have many small employers.

The food and fibre sector supports a VET system that can deliver a seamless experience for both learners and employers. This requires an industry-led standard-setting and commissioning body, specific to the food and fibre sector, that would identify the strategic priorities for the food and fibre VET system and then deliver on those priorities, including by coordinating across the system and ensuring that the sector’s skill needs are met.

### **Micro-credentials and ‘skills portfolios’ are difficult to deliver**

The VET system is heavily premised on the completion of (often classroom-based) formal qualifications, which employers and learners may not need or value. Because of funding rules and incentives, it is difficult for providers to offer, and for learners to attain, micro-credentials and ‘skill portfolios’, particularly where more than one provider offers the necessary components. As a result, only very high-volume micro-credential programmes can be delivered sustainably.

This problem arises from the funding system that is volume-based, provider-specific and that explicitly favours classroom-based delivery. This makes it difficult for existing and new providers to create innovative offerings that meet the food and fibre sector’s needs, such as hybrid-delivery and multi-provider qualifications, micro-credentials and ‘skill portfolios’ (which may incorporate recognition of prior learning and may not lead to any qualification).

This problem could be addressed by enabling the food and fibre sector, through the body proposed to replace Muka Tangata, to influence (or, preferably, to have a role in) the allocation of the government’s overall investment in food and fibre VET. An industry-led commissioning and brokering body would be able to commission VET needed by industry

from a range of providers, including ITPs, which would help fill critical skill gaps and foster the emergence of new and innovative programmes and modes of delivery.

### **Technological change is an opportunity for the VET sector**

The Government's goal of doubling exports can only be met by increasing the adoption of emerging technologies, such as mechanisation, biotechnology and artificial intelligence. The food and fibre sector needs a growing cohort of operators, service technicians, programmers, laboratory assistants and other skilled workers in a wide range of fields. The fast pace of technological change and the long lead-times necessary to develop such skills means that New Zealand is already missing out on the productivity and profitability gains that are available today.

The current settings of the VET system, and particularly the funding rules, do not support the development and delivery of new and expanded offerings in areas of need created by technological change. It is difficult and unaffordable for providers to create and deliver new programmes, especially where investment to develop capacity is needed up-front and where the programmes are never likely to attract high volumes of learners.

### **The economic cycle creates difficulties and opportunities**

VET in all sectors, including food and fibre, is highly sensitive to economic conditions, which manifest in a 'boom-bust' cycle. In times of high employment, enrolments in classroom-based learning tend to decline, threatening the financial sustainability of providers, such as ITPs. In worse economic times, there is often a spike in enrolments that can exceed provider capacity. This leads to uneven revenue flows and makes it difficult to efficiently allocate capital and resources, while innovating and developing new programmes. As a result, the food and fibre sector experiences an unsteady supply of skills, which diminishes its output and increases its reliance on migrant workers.

This problem can be addressed by investing strategically into key programmes in a way that promotes predictability and certainty of funding for both providers and employers. This would require a new approach to how the Government's investment into food and fibre VET is allocated, including stronger industry influence over funding decisions, a partial departure from a volume-based model, and funding equity between classroom-based and workplace-based learning.

### **The VET system could do better for diverse learners and employers, especially Māori**

Māori are heavily engaged in the food and fibre sector as agribusiness owners, landholders, employers, workers and learners, often in regional New Zealand and in remote locations. Demographic changes mean that Māori learners and workers will represent an increasing proportion of the working-age population. In common with other food and fibre sector participants, Māori aspire to a VET system that:

- responds to technological change, especially in sectors in which Māori are heavily involved (such as forestry)

- offers flexibility in mode of delivery, with many Māori engaged in (and preferring) workplace-based learning
- offers choice for Māori learners and employers, including the ability to access a variety of relevant offerings from multiple providers
- acknowledges and incorporates te ao Māori and mātauranga Māori in programme content and delivery
- honours te Tiriti o Waitangi
- recognises the potential of Māori agribusiness and whenua Māori to contribute to economic growth and prosperity
- promotes the growth of Māori as leaders within the food and fibre sector at operational, regional and national levels; and
- reduces complexity and barriers to access for Māori learners and employers.

By explicitly favouring the ITP sector and classroom-based delivery, the proposals risk disadvantaging Māori and other diverse learners, as well as those based in rural and remote regions.

## **The food and fibre sector's proposal: A dedicated, industry-led, standard-setting, commissioning and brokering organisation for food and fibre VET**

The food and fibre sector proposes the establishment of a dedicated, industry led, standard-setting, commissioning and brokering organisation for food and fibre VET. Our proposal is modelled in some respects on [Teagasc](#), the Agriculture and Food Development Authority of the Republic of Ireland.

The proposed organisation resembles the Minister's proposal 2B, but with key additional responsibilities in commissioning and brokering food and fibre VET programmes. Working with TEC, the organisation would be tasked with allocating a portion of the Government's investment into food and fibre VET, with an explicit strategic investment mandate to:

- improve the flexibility of the system for providers, learners and employers
- better support employers who are training workers
- support the emergence of innovative programmes and modes of delivery that reflect technological changes in the food and fibre sector
- meet the food and fibre sector's skill needs over the medium term
- meet the needs of diverse learners, especially Māori; and
- contribute to achieving the Government's economic objectives for the food and fibre sector (doubling the value of exports).

The proposed commissioning and brokering function is a key element of the proposal and is necessary to address the problems created by a volume-based funding system that awaits provider bids (which may never materialise), lacks flexibility, favours classroom-based provision, and makes it difficult to deliver strategically important programmes that meet the needs of the food and fibre sector.



The proposed organisation would commission strategically important programmes on a commercial basis from a range of providers, including ITPs, while continuing to exercise standard-setting functions, under industry leadership.

The organisation could remain legally a WDC or could use whatever successor model is chosen. However, for the body to be genuinely industry-led, the food and fibre sector proposes a structure that is more commercial, such as a Crown-owned company or a joint venture with industry, potentially modelled on government-industry food and fibre sector organisations, such as NAIT Limited.

As an example, the organisation might determine, through its connections with industry, that the New Zealand irrigation industry (a small but high-potential sector) requires 20 irrigation technicians to be trained a year. There is currently no classroom-based or workplace-based learning available in this field. The irrigation sector is too small to develop programmes for itself and to offer workplace-based learning, and no provider will develop (and seek funding for) a programme because it will likely be low-volume. The proposed organisation would directly commission a programme for irrigation technicians, would set standards and develop any necessary qualifications, and would fund the requisite number of places with sufficient amount and certainty of funding to ensure ongoing provision.

The portion of the Government's overall investment in food and fibre VET that would be allocated by the proposed organisation under its commissioning and brokering function would be agreed with TEC.

If the funding and commissioning function (in its entirety) is to remain with TEC, then we strongly support the retention (and expansion) of the 'advice to TEC' function in respect of funding by either Industry Training Boards or 'Option 2B' successor bodies. Given the centrality of funding to how the system works, the loss of the advice function would remove an important communication channel between industry and government and would likely worsen the problem of the VET system not meeting the needs of the food and fibre sector.

## **Implementation considerations**

Regardless of the options adopted, the food and fibre sector seeks a role in their further design and implementation.

Creating our proposed organisation is achievable in the Minister's preferred implementation timeframe (by 1 January 2026) and may not require legislative amendments, depending on the legal structure chosen for the organisation. The proposed commissioning and brokering function would be set up in close collaboration with TEC.



# Responses to consultation questions

## Proposal 1: Creating a healthy ITP network that responds to regional needs

### 1. Do you agree with the consultation document's statements on the importance of ITPs? Why or why not?

ITPs are a necessary (but not sufficient) component of an integrated VET system that also includes training provision by PTEs and employers, as well as systemic activities undertaken by standard-setters. If properly configured and funded, ITPs can help meet the skill needs of industry, which should be their primary strategic purpose. Given New Zealand's small size and lack of scale, comprehensive regional coverage by ITPs is neither achievable nor desirable. ITPs should be sufficiently few to be financially sustainable and sufficiently integrated amongst themselves and with other parts of the VET system to prevent zero-sum competition, to provide high-quality learning experiences, and to meet the skill needs of the food and fibre sector (which include access to specialised, low-volume and regionally delivered programmes).

### 2. What do you consider to be the main benefits and risks of reconfiguring the ITP sector?

While the financial situation of Te Pūkenga is concerning, the case for further structural reforms is not strong, especially as the recent reforms to the sector have not yet bedded in. The problems that motivated the establishment of Te Pūkenga will not be solved by its disestablishment, nor by the proposed partial federation of the ITP sector. There is moreover a significant risk of unintended consequences, including the continuation or re-emergence of past problems, such as fragmentation, harmful competition, conflicts of interest, disconnection from industry and financial unsustainability. A period of further uncertainty and reform could undermine the delivery of the VET system's core functions, potentially for years.

The fundamental problems of the ITP sector are unsustainable revenue, cost, workforce and capital structures, which arise from legacy settings and a lack of scale. These problems are more evident with some ITPs than others, but even those ITPs that are presently capable of standing alone may not be able to do so in the future. A possible answer is further rationalisation, cost-optimisation and integration (not just amongst ITPs but with other parts of the VET system). Regardless of the options chosen, the government may need to fund deficits in the ITPs sector over the medium term.

In the food and fibre sector's view, stability of future regulatory arrangements will be important for ensuring that the benefits of the previous reforms are retained and the current problems with the VET system are addressed.

### 3. Do you support creating a federation model for some ITPs? Why or why not?

Depending on how it is implemented, a federation model could support the sustainability of participating ITPs, particularly if the resources of the Open Polytechnic are used to enable online and remote delivery. However, it is not clear why only some, as opposed to all, ITPs are proposed to be federated – the benefits of federation would accrue to all ITPs. The utility and sustainability of the federation would be enhanced by the comprehensive linking of all ITPs to foster strategic coherence and to enable the sharing



of back-office and other functions. This would not require continuing the undesirable features of Te Pūkenga, such as a head office, integrated leadership structures and common branding.

**4. What are the minimum programmes and roles that need to be delivered by the new ITP sector for your region?**

The food and fibre sector's skill needs reflect what is produced and processed in each of New Zealand's food and fibre-producing regions. For example, horticultural production is prominent in the Bay of Plenty and Hawke's Bay, and seafood production in Nelson/Marlborough. Not every ITP can or should deliver all food and fibre-relevant programmes in all regions; it makes sense to specialise, and system settings should promote this. Given how, where and when the food and fibre sector works, and the low volumes of many programmes, many key skills in the sector are often better delivered in the workplace setting. The funding system needs to incentivise the most suitable mode of provision (including 'hybrid' provision, if appropriate). An organisation is needed at the heart of the system that, as well as setting standards, can commission and broker key food and fibre VET programmes that will never otherwise be sustainable in a volume-based funding model (including from ITPs, if they are best placed to deliver such programmes).

**5. What are the critical factors needed (including functions and governance arrangements) to best support a federal model?**

The participants in the federal model should share a range of functions and resources, including IT systems and programme content. Shared governance arrangements would also be desirable. Most importantly, the federation should act with a common strategic purpose, which should include meeting the skill needs of industry (especially in each ITP's home region), avoiding duplication and unhelpful competition, and acting in alignment with other parts of the VET system.

It should be possible for ITPs that initially stand alone to join the federation model in the future, and this should be made a genuinely attractive option for them.

## **Proposal 2: Establishing an industry-led system for standards-setting and industry training**

**6. Which option do you prefer overall? Why?**

The food and fibre sector prefers neither option. Our overall impression is that of proposals that advantage the ITP sector at potential detriment to other parts of the VET system, such as workplace-based learning. The food and fibre sector relies on both classroom-based and workplace-based learning and would like to see a better-considered and more integrated set of proposals with a clearer intervention logic, while the current arrangements continue in the interim.

The proposals for changes to WDCs lack a clearly explained policy rationale, except perhaps to reduce costs and to improve industry connections. It is not explained how Muka Tangata's deep connections with the food and fibre sector would be improved by the proposals for further structural change.



If the proposals are proceeded with, the food and fibre sector prefers option 2B so that the functions of Muka Tangata can continue to be exercised under industry leadership and independently of the arranging of training.

**7. What are the main features and functions that Industry Training Boards (Option A) need to be successful?**

WDCs were created, in part, to improve connections between industry and the VET system and to ensure the independence of the standard-setting, qualifications development and quality assurance functions, which were previously exercised by former ITOs in a way that created actual or perceived conflicts of interest and blunted the industry's voice. If the proposed Industry Training Boards (ITBs) are to exercise both the standard-setting and arranging of training functions, measures would be needed to avoid these conflicts from re-emerging. Such measures could include administrative or structural separation between the standard-setting and arranging functions, as well as separate funding.

If ITBs are established, the sector supports a dedicated food and fibre ITB that also incorporates the processing and manufacturing sectors (to prevent some food and fibre industries having to deal with multiple ITBs). As with Muka Tangata, the food and fibre ITB should be industry-led, with a majority of members appointed by, or representing, food and fibre sector industries, including smaller industries. The food and fibre ITB should retain the existing functions of WDCs and should also carry out a new commissioning and brokering function for food and fibre VET programmes.

**8. Under Option A, how important is it that Industry Training Boards and non-Industry Training Boards be able to arrange industry training? Why?**

The food and fibre sector does not support WDC successor bodies taking on arranging of training functions. Arranging supports delivery of learning, and it should be kept integrated with delivery rather than with WDC functions, which are carried out independently at a system level and primarily involve standard-setting and quality assurance.

**9. What are the main features and functions that industry standards-setters (Option B) need to be successful?**

To be successful, an industry standard-setting body for the food and fibre sector, however structured, needs to be able to:

- ascertain and convey to government the current and future skill needs of industry
- set standards
- develop qualifications and endorse programmes
- moderate assessment and assure quality
- gather and publish data and insights
- provide funding advice to TEC; and
- exercise the proposed commissioning and brokering function.

The food and fibre sector highly values the workforce analysis and advice provision functions of Muka Tangata. This work is not carried out at all, or to the same level of



detail and robustness, elsewhere in government. Retaining and enhancing these functions would help ensure that the VET system meets the skill needs of the food and fibre sector.

Similarly, the sector is not confident that, if the 'advice to TEC' function of WDCs is abolished, TEC has sufficient capacity and capability to build adequate industry connections to ensure that the industry's voice is heard in funding decisions. Liaising with industry (other than the education industry) is not TEC's core function and the potential loss of WDCs' industry connections risks the VET system not meeting the industry's skill needs.

**10. Are there any key features of the Workforce Development Councils that need to be retained in the new system?**

The successor body to Muka Tangata should retain its current functions (outlined in the previous answer) and should additionally exercise commissioning and brokering functions in respect of food and fibre VET programmes. Savings in the costs of these functions could be realised by operational refinement and efficiencies.

The current (and proposed additional) functions of the body represent the necessary supporting infrastructure to ensure that the VET system remains genuinely vocational (that is, delivered by and for industry). The loss of any of these functions risks compounding the skill gaps experienced by the food and fibre sector, which impair its productivity and profitability.

**11. Are there any key features of how the previous Industry Training Organisations worked that should be re-introduced in the new system?**

Workplace-based learning requires an efficient and effective arranging function. The quality and sustainability of workplace-based learning would be seriously undermined by the degradation or loss of this function. Arranging also incorporates an important learning support function that both learners and employers need.

Organisations that undertake arranging of training in the future should be supported to retain and potentially expand their service offering. They could utilise a client-management model and could also provide career advice, employer matching and placement support.

**12. What are the possible benefits and risks of having a short moratorium on new industry training providers while the new system is set up?**

If industry training arrangers (former ITOs) are removed from Te Pūkenga and made to stand on their own, their functions may eventually degrade or fail, notwithstanding the proposed moratorium. This is because funding for workplace-based learning will reduce, competition will eventually emerge, and tensions between ITPs and industry training arrangers will return. As previously stated, arranging of training is closely related to delivery and should remain grouped with delivery in a way that minimises conflict and promotes synergies. This implies at least one training arranger but could accommodate multiple arrangers if they cooperate and have sufficient scale to ensure the sustainability of the function.



## **Proposal 3: A funding system that supports stronger vocational education**

### **13. To what extent do you support the proposed funding shifts for 2026?**

The food and fibre sector does not support the proposed funding shifts because they will disadvantage workplace-based learning on which the sector relies (the funding for workplace-based learning is proposed to approximately halve). The sector disputes that the current system inappropriately favours workplace-based learning – on the contrary, the opposite is the case from our perspective. The funding differential (to the detriment of workplace-based learning) was one of the major problems of the pre-2020 system.

Reducing funding for workplace-based learning risks the delivery of such learning becoming unsustainable. Employers may withdraw from workplace-based learning delivery in favour of arrangements outside the formal VET framework, or none.

### **14. What benefits and risks need to be taken into account in these changes?**

Re-directing funding away from workplace-based learning (which is the preferred delivery format for much of the food and fibre sector) risks worsening the disconnect between what the VET system provides and what the sector needs.

### **15. How should standards setting be funded to ensure a viable and high-quality system?**

Standard-setting is an important systemic and enabling function that should be funded independently as a core enduring function of the VET system.

To meet the needs of the food and fibre sector, funding decisions for the whole system should be made in a way that favours neither ITPs nor other system participants and with the explicit goal of meeting the skill needs of the sector.

### **16. How should the funding system best recognise and incentivise the role that ITPs play in engaging with industry, supporting regional development and/or attracting more international students to regions?**

The funding system should not incentivise these activities because they are not the core functions of ITPs. ITPs and other VET system participants should be incentivised to meet the skill needs of industry in their regions and nationwide, and to provide a high-quality learning experiences to their students, while catering to the needs of diverse communities.

### **17. What role should non-volume-based funding play, and how should this be allocated?**

Implementing a strategic approach to food and fibre VET funding is the single most important and effective intervention that is available to government to improve the system and to ensure that it meets the needs of our sector. The proposed return to pre-2020 funding arrangements, including the removal of the strategic component of the Unified Funding System, is therefore a retrograde step that will worsen the existing problems driven by the funding system. Our proposal for an organisation with a commissioning and brokering role is aimed at addressing this problem. Dedicated funding should also remain available to support the engagement of (and learning support for) diverse learners, especially Māori, in food and fibre VET.



## Concluding questions

### 18. Could there be benefits or drawbacks for different types of students (e.g. Māori, Pacific, rural, disabled, and students with additional learning support needs) under these proposals?

Māori and Pacific learners in general, and food and fibre learners in particular, heavily favour workplace-based learning. The proposals, which are balanced in favour of ITPs and classroom-based learning, will further disadvantage Māori learners and food and fibre businesses, as well as other diverse learner groups that could benefit from flexible and innovative programmes and modes of delivery.

The funding system needs to retain the means to promote and support achievement by diverse learner groups, especially Māori.

### 19. Could there be benefits or drawbacks from these proposals for particular industries or types of businesses?

The proposals do not meet the needs of the food and fibre sector because they:

- favour classroom-based learning at the expense of workplace-based learning, which is often better suited to the needs of the sector
- retain a volume-based funding system that makes it difficult to deliver low-volume but strategically important food and fibre VET programmes
- disadvantage Māori, Pacific Peoples and other diverse learner groups
- do not address the problems that have led to critical skills gaps for the food and fibre sector, including the funding settings and the effects of the economic cycle
- risk future insolvency and failure of ITPs and other VET system participants
- contribute to ongoing flux and uncertainty for the VET sector; and
- do not contribute to meeting the Government's goals for the food and fibre sector and the wider economy.

### 20. Are there other ideas, models, or decisions for redesigning the vocational education system that the Government should consider?

This submission presents the food and fibre sector's alternative proposal for a dedicated, industry-led organisation that would exercise the functions of Muka Tangata, as well as undertaking commissioning and brokering of food and fibre VET programmes.





## Appendix 1: Case study of Teagasc

Teagasc (pronounced 'chagas') is the Agriculture and Food Development Authority of the Republic of Ireland. Created in 1988 by combining predecessor organisations responsible for research and education, it provides a wide range of services to Ireland's food and fibre sector, which resembles its New Zealand equivalent in many respects.

In New Zealand terms, Teagasc combines many of the functions of workforce development councils, ITPs, former ITOs, PTEs, NZQA and Crown research institutes. It also carries out certain advisory and extension functions, which in New Zealand are hosted by the Ministry for Primary Industries.

Teagasc is industry-led, with an 11-person board with strong farmer and grower representation. It employs about 1,500 technical, academic and administrative staff throughout Ireland and has an annual budget of about €225m.

Teagasc's VET-related activities include:

- delivering food and fibre training at 25 locations throughout Ireland, including at 7 Teagasc-operated food and fibre colleges, 17 regional training centres, and one research institute (Moorepark), as well as through partner organisations and in workplace-based settings
- developing, maintaining and delivering 17 food and fibre VET programmes (all at sub-degree level)
- supporting more than 6,000 food and fibre learners engaged in its programmes and those offered by partner organisations
- supporting farmers and growers to increase production and profitability (by providing training and advice) and by commercialising research
- commissioning food and fibre VET programmes
- providing scholarships and grants; and
- certifying programmes and qualifications offered by others.

Teagasc is perhaps the best example internationally of a standard-setting, delivery and commissioning organisation that is dedicated to the food and fibre sector. It was created partly because of the importance of agriculture to Ireland's economy and to address the problems of fragmentation and regional variability. Its success demonstrates that creating bespoke arrangements for the food and fibre sector (including to meet its unique VET needs) has the potential to contribute to economic development and prosperity.

Teagasc's key VET-related functions (in addition to delivery) are standard-setting and commissioning, which are carried out under industry leadership. This submission proposes creating (as a successor body to Muka Tangata) a simplified version of Teagasc that would exercise these functions in New Zealand, also in an industry-led way.

