

2.17 NZ SHEARING TRAINING MODEL – PILOT SCHEMES

PGF Application – TE ARA MAHI		For: Approval (recommendation to RED Ministers)	
Applicant:	NZ Shearing Contractors Association (NZSCA)	Pipedrive ID #	Commercial I
Region	Multit-region	PGF Funding Sought:	\$1,864,000
Region detail:	Tairāwhiti, Hawkes Bay, Otago, Southland	Total Project Value:	\$ Commercial Information
		Applicant co-funding:	\$ Commercial Information
Entity Type:	Incorporated Society	Funding Structure:	Grant
Entity Detail:	NZSCA represents the interests of NZ shearing contractors in NZ by working with members to improve working conditions, health and safety, animal welfare, business practices, training and development, and general awareness of issues within the sector.		

We recommend that the SROs:

- a) **Support the recommendation to RED Ministers' to approve** \$1,864,000 (Commercial % of project costs) from the Te Ara Mahi portion of the Provincial Growth Fund towards NZ Shearing Training Model – Pilot Schemes
- b) **Note** that the funding request is a grant
- c) **Note** that funding request covers a Commercial Information period
- d) **Note** that the target group includes school leavers, unemployed, underemployed, career changers and those in the industry who require further upskilling
- e) **Note** that Commercial people will receive training and employment and a further Commercial people will be upskilled who are currently in the industry
- f) **Note** that this activity will develop and run a pilot programme for Commercial Information
- g) **Note** that centres of excellence will be developed in the pilot regions to produce world class environments for world class training
- h) **Note** that this grant will allow NZSCA to use the pilot to develop industry standards and an industry owned and supported training programme under Commercial Information
- i) **Note** that NZSCA members guarantee the full employment of Commercial graduates from this training programme.
- j) **Note** that NZSCA will provide comprehensive support while people are in training and employment
- k) **Note** that at least Commercial % of these employees will be Maori.
- l) **Note** that those participating in completing the training will be employed and paid \$ Commercial Inform - Commercial Inform per annum in Commercial Info of employment and rapidly growing to \$ Commercial Informat pa after Commercial Information.
- m) **Note** that this initiative focuses on creating employment pathways with people in in Hawkes Bay, Tairāwhiti, Otago and Southland
- n) **Note** that this activity has commitment from Industry and in principle commitment to provide \$ Commercial Information
- o) **Note** that this activity will become sustainable beyond PFG funding
- p) **Note** that this activity has support from, Secondary Schools, Industry, Relevant Associations and Agencies

Proposal:

Background

In 2017/2018 an entity named Te Ako Wools was established between Primary ITO, NZSCA and various wool industry organisations to develop a shearing and wool handling training model across New Zealand. This entity was challenged because the business model [redacted] Free and frank opinions [redacted] did not fit the industry [redacted]

[redacted] Free and frank opinions [redacted]

[redacted] Primary ITO is currently developing micro-credentials for the industry. NZSCA has met with them to explain its reservations with micro-credentials. Primary ITO acknowledges these limitations (primarily no standardised training and assessment as well as lack of emphasis on shearing techniques) and has indicated its support for the NZSCA pilot scheme as well as being open to further discussions about how the Primary ITO and NZSCA programmes can come together in the future. Primary ITO has provided a letter of support reinforcing the above points.

The current proposed model differs significantly from the Te Ako Wools experiment.

Strategy

NZSCA's strategy is to develop strong pilot programmes with the use of PDU funding that prove the training model, then encourage TEC to commit to an industry approved national training programme that is also aligned to the needs of Primary ITO. Meetings have already been held with Primary ITO sharing this vision and it is aligned with what NZSCA is seeking to achieve.

This project is well informed by the Te Ako Wools project and by the current operations of [redacted] Commercial Information [redacted], who will be the training provider to the entity that the NZSCA will establish. Since Te Ako has discontinued, NZSCA has taken the opportunity to stage numerous meetings with industry organisations and training providers to learn why this project did not work and then develop a new model.

Project

The purpose of this project is to develop two wool harvesting (shearing and wool handling) pilot training centres – one in the Gisborne / Hawkes Bay region and one in the Otago / Southland region.

The key activities of the pilot programmes will be:

1. Industry Attraction

- Investment in promotions in secondary schools in the regions
 - The secondary schools identified include:

[redacted] Commercial Information [redacted]

[redacted]

[redacted]

Commercial Information

- Develop presence in schools through relationships with careers advisers, attending careers days, developing promotional information about the pathway and value proposition of shearing and wool handling. There may also be opportunities to connect with programmes Commercial Information
- Drive student interest to practical on online training opportunities
- Develop online material.
 - This online presence will create familiarity for novice shearers and wool handlers and encourage them to take the leap of making a step towards practical training
 - It will also provide refresher opportunities for some trainees who cannot make practical sessions with trainers.
 - A lot of this material has already been developed through a relationship with an Australian provider. Some time and investment will be required to adjust some information to a New Zealand context.

2. Development of Centres of Excellence (COE)

- The improvement of shearing shed facilities to produce safe world class environments for shearing training throughout regional New Zealand. 2 – 3 sheds in each pilot region will be chosen. These have been identified.
- Ensuring relationships are strong with the farmers adjacent to these sheds so that the sheep required for training are available.

3. Development of Industry Standards (Seals)

- These are similar to the standards that were operating successfully prior to the development of the qualifications framework. These will be owned by the entity established to operate the training programme – Commercial Information

4. Delivery of Courses

- Commercial Information will be contracted to deliver 1 – 4 day training courses within the pilot regions at the Centres of Excellence.
- Refresher programmes will be operated on site or via on line modules, depending on the training required
- These programmes satisfy the industry need – eg the requirements of farmers, shearing contractors and ‘down-stream’ industry stakeholders such as wool brokers, meat companies, wool brands Commercial Information

5. Full Employment Guaranteed

- NZSCA members guarantee the full employment of all graduates from this training programme.
- Commercial Information will provide an 'employment hub' service that co-ordinates the seasonal work-flow for shearing contractors throughout New Zealand. Where there is 'down time' for trainees outside of the availability of shearing, they will be able to undertake practical on-farm training.
- Detail of the contracting structure for trainees is being developed. A potential arrangement is that trainees sign contracts with employers (shearing contractors) who in turn sign onto a collective with Commercial Information whose responsibility it is to manage the work levels for trainees by considering seasonal demands across New Zealand and also provide a range of pastoral care opportunities through other farm work and courses in softer skills such as budgeting.
- Further emphasis in pastoral care will be developed through the use of the NZSCA health and well-being initiative Tahi Ngatahi www.tahingatahi.co.nz where modules on mental and physical well-being will be refreshed.

The project is not currently underway because historically this training was funded by the old New Zealand Wool Board levy. This levy does not exist now. More recent attempts to drive this project were through Te Ako Wools initiative (described earlier) which was Commercial Information and operated with Primary ITO. When Te Ako Wools was discontinued, Commercial Information.

Long term outcome

The aim Commercial Information of this initiative is to ensure that funding from the PGF can provide a proof of concept case in two pilot regions to ensure a strong case for TEC to revisit the need to support shearer and wool handling training. The anticipated success of the proposed programme combined with ROVE (and strong signals about the critical importance of industry and employer led training) has led NZSCA to develop this programme. They will engage with TEC to see the merits of the proposed programme being rolled out nationally, once proven in the pilot schemes. Initial discussions with government agencies have been positive but it is a potential risk, if NZSCA cannot bring educational / funding providers together over the Commercial Information project.

Outcomes for regions

There are a variety of ways in which the project can unlock potential in the regions:

Guaranteed jobs for all trainees will result in immediate additionality of economic impact. A realistic estimate for the number of trainees is Commercial trainees (Commercial shearing and Commercial wool handlers) across both pilot regions. It is estimated Commercial of these trainees will be new to the industry and therefore take up new jobs that the shearing contractors are guaranteeing employment for. They will then go on to earn a minimum of \$ Commercial Information each per annum in Commercial Information of employment. This means an automatic injection of a minimum \$ Commercial Information economic

activity across these regions in ^{Commercial Informatio}. As the wages for these shearers increase, with their proficiency, and the next intake of shearers complete training on the basis of 50 per region, per annum then the economic impact is significant. This does not include the other down-stream economic spin-offs and is also ^{Commerc}% funded by the industry (farmers and shearing contractors).

More productive, stable, together communities. Creating this level of employment will provide families and therefore small communities in rural areas having greater certainty of income and all of the positive attributes associated with stable employment – self-esteem, mental and physical well-being, positive family relationships.

Animal welfare. Lack of proper, well-resourced training means there is a significant risk to the brand of the wool industry and all associated interest groups (retail brands, brokers, research institutes) as well as the broader New Zealand Inc brand. Traceability, authenticity of product and reassurances of ethical behaviour at all parts of the supply chain are growing trends internationally. The wool harvesting industry has been unable to adequately respond to this risk because the lack of investment in training. The impact of major animal welfare incidents in the sector is real and is a significant risk to the viability of regional communities if not addressed. Investment in training addresses the need.

Addresses the imminent crisis involved in New Zealand not being able to shear sheep. There are an estimated ^{Commercial I} FTE's in the wool harvesting industry for Australia and New Zealand.

Approximately ^{Comm}% of this workforce alternates between NZ and Australia. Approximately ^{Comm}% of this workforce are long-term experienced shearers who are approaching retirement. The Sheep numbers have fallen to 23m sheep in New Zealand. Expectedly the wool harvesting workforce has fallen at the same, but at a greater rate with lack of training and opportunities and pay rates in Australia being the main reasons. The ratio of shearers to sheep numbers is now at its lowest level.

In order to retain the workforce in New Zealand, the shearing price per animal has increased by 26%. This has resulted in work force shortages in Australia which are widely tipped to lead to an increase in wages. Individually and collectively these factors will impact the wool harvesting industry negatively.

This is the scenario the industry currently faces. The contraction of the wool harvesting workforce by 10% would result in either:

- 2m less sheep being shorn.
- Shearing contracting prices rising significantly
- Some combination of the above

If the anticipated price rises in Australia proceeds, the loss of New Zealand workforce could be as high as ^{Comm}%, impacting ^{Commer} sheep being shorn. Another significant price increase would be required in New Zealand to meet the market in Australia. The result is a significant contraction of stock numbers in New Zealand and a flow on negative impact with an increase in the price of ewes and higher costs to farmers. On international markets the price of New Zealand sheep meat could become uncompetitive or significantly below the cost of production. The

economic loss estimated on the basis of a price of an animal at \$ [redacted] and a herd contraction of [redacted] is \$ [redacted]. An extra [redacted] to shear an animal over [redacted] sheep with two shears a year is an extra \$ [redacted] of cost. This is at the low end and does not take in the costs incurred through-out the supply chain.

All industry stakeholders unequivocally support this project. Research institutes, meat companies, wool brokers, wool and industry advocacy agencies, unions, owners of major retail brands, farmers and shearing contractors are all aligned that the investment in wool harvesting training is absolutely critical to the future of the industry. They also acknowledge the importance of this initiative in safeguarding and growing smaller provincial areas. Letters of support from a cross-section of these organisations form part of the application.

An obvious question is that given this groundswell of support then why are these organisations not financially investing in it themselves? The answer is simple in that none of these organisations (except for possibly NZSCA who simply doesn't have the resources) have wool harvesting training at the core of their purpose for existing or are mandated or funded by membership or any other funding source. Further, many of these groups are subject to the same challenges of training that NZSCA face with a challenging qualifications framework to work through.

Iwi and regional economic development agencies are groups that have also been identified for potential support. However, it is strongly felt that a proof of concept is required to engage meaningfully with these groups. This is similar to the approach that will be undertaken with TEC. Once the strength of the programme is proven then many avenues to explore the potential strategic opportunities between these groups will present. Re-enforcing this, over [redacted] % (anecdotally) of all employees in the sector are Maori.

NZSAC will lead the establishment of [redacted] (an industry representative organisation tasked with leading the development of training) which will essentially exist to contract the services of a training provider – [redacted] who will deliver the training in the pilot regions. [redacted] board will have a combination of industry representatives and independents. It will own the industry training standards, approve the training programme, ensure financial accountabilities and focus on the strategic issues facing training.

NZSCA is seeking funding from the Provincial Development Unit to establish and deliver pilot programmes in the north and south islands. It is anticipated that after [redacted] successful years of the programme (where [redacted] new jobs will be created) that it will be possible to attract the funding available through government agencies (most notably Tertiary Education Commission) to fund the programme. At this time the programme would grow to becoming a national programme. The pilot programmes will be a proof of concept phase. The [redacted] Board will meet appropriate reporting / accountability requirements from PDU.

Potential partners have been identified to become involved after the proof of concept phase. These include iwi, industry groups, regional development agencies and businesses with connection to the industry. It is not a priority to formalise these partnerships at this stage but rather develop these partnerships during the pilot programmes to illustrate what is possible.

There is no need for extensive project planning practices. [redacted] have the programmes ready to deliver. Key milestones are securing the funding to run the pilots, NZSCA leading the establishment of the [redacted] Board and then contracting [redacted] with appropriate accountabilities and reporting processes.

Outcomes

Training

- [Commercial Information] for [Commercial Information]
- [Commercial Information] for [Commercial Information]

Employment

- [Commercial Information] new employees [Commercial Information]
- [Commercial Information] new employees [Commercial Information]

Wider public benefits:

- Students and Job Seekers are well informed in choosing a career pathway
- Improved financial wellbeing, strengthening families and communities
- Talent retained in the district and improved productivity due to talent retention

Funding details

Funding grant request of \$ [Commercial Information] represents [Commercial Information] % of the operational and establishment costs over a [Commercial Information] period.

Annual outcome breakdown

	Response	PDU (TAM) Statement regarding achievability of target
Number of people expected to be targeted by the project/activity annually (on average):	[Commercial Information]	Attainable as strong interest shown from schools and communities
Number of people expected to attain employment as a result of the project/activity annually (on average):	[Commercial Information]	NZSCA members have guaranteed employment for all of the people that complete the programme

Assessment against the PGF criteria:

Eligibility Criteria

This application is eligible for PGF funding

Productivity Potential

The project will address a skill shortage in the industry while providing sustainable employment that has the potential to earn \$ [Commercial Information] in [Commercial Information]. Jobs are based in the regions and can provide opportunities across New Zealand and internationally.

Policy objectives

- 1) It focusses on supporting primarily secondary students and local people into local employment opportunities by addressing the specific needs of those who need more help than can be currently provided in order to achieve sustainable employment.
- 2) It ensures additionality by filling a gap in service provision which existing cross-government departmental funding does not cover.
- 3) It fits within mechanisms for coordination of employers, workers and government that will endure past the lifetime of the PGF.

PGF Criteria	Assessment Commentary	Rating (0✓ to 5✓)
Link with fund and government outcomes		
Aligns with relevant regional economic and employment plans and priorities, including any Māori development plans	<ul style="list-style-type: none"> Aligns with a range of economic development plans to increase skills, employment and particular for Maori in the regions 	Yes
Demonstrates potential to meet the current or future labour market skill needs of the region, including those resulting from PGF Tier 2 and 3 investments	<ul style="list-style-type: none"> Will meet immediate needs of local businesses Will prepare secondary school students and youth job seekers to make better career choices Will upskill people new to the industry and upskill those currently employed 	Yes
Reduces the rates of people not in employment, education and training, with an emphasis on Māori	<ul style="list-style-type: none"> It is reasonable to expect that a portion of people targeted will fit into this category The industry has a high proportion of Maori (up to <small>Comme</small> % in places), this will be embraced to raise the skill level and pay of those already employed 	Yes
Increases local employment and earning potential, by supporting local people into local jobs, with an emphasis on sustainable employment outcomes	<ul style="list-style-type: none"> The project will improve earning potential by training and supporting new people to the industry and upskilling those already working The project will support students/Job Seekers / career changers / underemployed into sustained employment 	Yes
Additionality – adds value by building on what is already there		
Addresses a gap in current service provision e.g. does not cover activities that are already funded for (unless funding is to up-scale or re-start, existing projects)	<ul style="list-style-type: none"> This contributes to the development of a more highly skilled workforce in areas that has portions with high social and economic deprivation The project will provide a training platform that does not currently exist 	Yes
Demonstrates why third party funding, including other government agencies, cannot be used to address the current gap in service provision	<ul style="list-style-type: none"> MSD is not able to fund this, MSD may fund wage subsidies (to employers) as well as pastoral care for our clients entering the industry, where our criteria were met, which would complement this programme TEC have confirmed that they can't fund this at this stage, although what NZSCA has proposed to do aligns well with the current work in ROVE 	Yes
Connected to regional stakeholders and frameworks		

Alignment with regional priorities	•	Yes
Support from local employers, central and local government, and governance groups (inc. Councils, Iwi/Hapu)	• Letters of support from employers, ITO, Associations	Yes
Governance, risk management and project execution		
Robust project management and governance systems	• ^{Commercial Informatio} board will have a combination of industry representatives and independents. It will own the industry training standards, approve the training programme, ensure financial accountabilities and focus on the strategic issues facing training	Yes
Demonstrates the capacity and technical capabilities to effectively implement the initiative	• NZSAC will lead the establishment of ^{Commercial Inform} (an industry representative organisation tasked with leading the development of training) which will essentially exist to contract the services of a training provider – ^{Commercial Information} who will deliver the training in the pilot regions	Yes
Risk management approach	• Outlined in application see page 18	Yes
Future ownership / operational management	• As previously mentioned, ^{Commercial Inform} will have a Board comprising of well known and respected industry leaders and independent directors who have a connection to the agriculture sector. This will remain in place during the pilot programmes for proof of concept. Once more long term government funding is secured and there is the opportunity to engage with more strategic partners then the Board composition will be reviewed	Yes

Funding Arrangements

The funds will most likely be distributed via a milestone plan, which is likely to include an upfront cost for set up. This will be sorted during the contracting stage.

Due Diligence and Ownership

Due Diligence was undertaken on the trust and some of the related parties: No findings of any significance of key management.

Shareholders:

Shareholder	%
NZ Shearing Contractors Association	100

Trustees & Governance

- Jamie McConachie
- Phil Holden
- Mark Barrowcliffe
- Commercial Information
- Commercial Information
- Commercial Information

Key Management Personnel:

- Commercial Information
- Jamie McConachie

Risk Assessment

The key risks to the PDU and proposed mitigations of this investment are as follows:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
Non Supportive	TEC and Primary ITO do not support the national scheme after the pilots are completed	Positive discussions with Primary ITO have already been had and they are indicating strong alignment with the approach. The strongest mitigation is constant communication and updates with all of the key government agencies throughout the pilot phase.	Low
Seasonal work flows	Managing the seasonal work flows for trainees	Commercial Information will establish an employment hub with shearing contractors and various pastoral care programmes that combined should ensure the trainees are constantly in training and / or employment.	Low

Consultation undertaken or implications:

MPI – This application is for The NZ Shearing Contractors Association who will develop and deliver a sustainable, integrated training model for the shearing and wool handling industry that will avert a crisis for the wool sector and create significant employment opportunities and economic growth for regional New Zealand. Funding support will sponsor two (one in each island) two year training programmes where Commercial people will receive training and Commercial new jobs will be created, with guaranteed employment, to the sector. The other Commercial trainees will be existing employees / trainees looking for more training.

MSD - Developing an industry standard and delivering training based on micro credentials is a practical solution to meeting a labour demand. The application does not provide confidence that local industry support has been committed and further engagement should be encouraged (completed) particularly with Māori including Iwi, PSG and mana whenua. This programme could be an opportunity to work with Māori land owners and Iwi so should be explored.

TPK - Te Puni Kōkiri notes:

- ^{Commercial} trainees across two pilot regions will be involved in training programmes per annum
- The training opportunity exists for new and current employee's
- Employment is guaranteed for all graduates
- Pastoral care which includes mental wellbeing will be built into the project offerings and over time, broader farming opportunities will be provided
- We note their projected salary ranges are high \$ **Commercial Information**

Initially, Te Puni Kōkiri are supportive of the application with the following conditions:

- Considering the high proportion of Maori represented in the current and future workforce, the applicant be asked to consult with relevant Iwi and hapu groups in the areas
- That leadership opportunities to discussed with the applicant

Supporting proposal:	Yes
Appendices:	Yes – Applications and supporting letters are as annexes <i>Withheld - Commercial Information</i>
Author of paper:	Te Ara Mahi