



11 September 2020

Ms Troy Coyle
Chair
Manufacturing, Engineering and Logistics Interim
Establishment Board
Wellington
NEW ZEALAND

Email: MEL.ieb@tec.govt.nz

Dear Ms Coyle

Attached are the comments that the New Zealand Food & Grocery Council wishes to present on the *Establishment of the Manufacturing, Engineering and Logistics Workforce Development Council as a Legal Entity*.

Yours sincerely

Katherine Rich
Chief Executive



**Submission by the New Zealand Food & Grocery
Council on the Establishment of the
Manufacturing, Engineering and Logistics
Workforce Development Council as a Legal
Entity**

11 September 2020

NEW ZEALAND FOOD & GROCERY COUNCIL

1. The New Zealand Food & Grocery Council (“NZFGC”) welcomes the opportunity to comment on the *Establishment of the Manufacturing, Engineering and Logistics Workforce Development Council as a Legal Entity*.
2. NZFGC represents the major manufacturers and suppliers of food, beverage and grocery products in New Zealand. This sector generates over \$40 billion in the New Zealand domestic retail food, beverage and grocery products market, and over \$34 billion in export revenue from exports to 195 countries – representing 65% of total good and services exports. Food and beverage manufacturing is the largest manufacturing sector in New Zealand, representing 45% of total manufacturing income. Our members directly or indirectly employ more than 493,000 people – one in five of the workforce.

BACKGROUND

3. The subject of this consultation is the content of an Order-in-Council that will establish the Manufacturing, Engineering and Logistics (MEL) Workforce Development Council (WDC) under the provisions of the *Education and Training Act 2020* (the Act).
4. By way of context, the 2018 ITO reports record the main industries (or industry groupings) participating in vocational training relevant to the future MEL WDC (food and beverage industries underlined) are:
 - Meat processing - 6455 learners (PrITO)
 - Motor trades – 5861 learners (MITO)
 - Engineering - 4616 learners (Competenz)
 - Food and beverage – 3122 learners (Competenz)
 - Manufacturing – 1601 learners (Competenz)
 - Wood manufacturing – 1156 (Competenz)
 - Dairy processing - 851 learners (PrITO)
 - Marine – 613 learners (Marine ITO)
 - Transport – 567 (Competenz)
 - Retail meat – 495 (Competenz)
 - Print, packaging and signmaking – 464 learners (Competenz)

COMMENTS

5. The food and beverage manufacturing industry (the food industry) is a significant user of the Competenz training facilities and programmes. Vocational training is vital for the food industry especially in areas where other tertiary training is not available, where operational training complements University qualifications or where quality and safety standards have been updated. It not only provides the framework for upskilling the workforce but also demonstrates New Zealand’s commitment to expertise within food manufacturing systems to deliver high quality and safe products.
6. The majority of food industry manufacturing is clearly about direct involvement with foods and beverages but it also involves engineers and workers in the coldstorage, distribution, printing, packaging and transport industries. The MEL WDC has the potential for a rich and mutually beneficial, broader industry collaboration across these related sectors.
7. NZFGC has liaised with a number of other industry associations in preparing this submission and our position is largely aligned with that of, for example, the Dairy Companies Association New Zealand (DCANZ) and the Meat Industry association (MIA).

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8. We note the Government's announcement explicitly stated that the proposed WDCs were to be 'industry-led' and to be 'industry governed'. NZFGC is not alone in having supported the Reform of Vocational Education proposals as a result. We are therefore expecting the interim Establishment Board (iEB) to enable this vision of an industry-led, industry governed body that will give industry greater leadership across vocational education.

Name Proposal

9. We have no particular view on the name proposed for the WDC. We would have expected the functions and/or objectives to be prominent in an Order-in-Council for establishment purposes to appear next but note the functions of WDCs are set out in sections 366 and 367 of the Act. These cover four key aspects:
- Skills and workforce leadership
 - Developing, setting and maintenance of skill standards and qualifications
 - Endorsing programmes (including wānanga programmes) and moderating assessments
 - Providing advisory and representative roles.
10. We strongly suggest a cross reference be made to sections 366 and 367 of the Act in the Order-in-Council for completeness for users and a footnote that refers to the four key aspects. While this might be considered unusual in an Order-in-Council, it will greatly assist the industry to be assured that the functions are explicit in legislation without needing to refer to the 631 pages of the Act.

Proposed coverage

11. We support the proposed coverage as reflective of the coverage of the relevant existing Industry Training Organisations. The exceptions for some sectors as listed in the consultation relate to lift services, forestry, biosecurity, journalism, graphic design, gas and the all the industries in the Primary Industry Training Organisation except petrochemicals, energy and chemical plant, dairy and meat processing. To us, there appears little logic in the exceptions and the consultation might have provided the rationale for these exceptions. We are particularly concerned with the exclusion of biosecurity as this is closely aligned with many activities in the food industry.
12. The MEL industries have a broad range of commonalities, especially with regards to food processors and manufacturers – all operate factory or workshop-style environments, with significant health and safety, storage, distribution and logistics considerations. Having said that, we are of the view that it must always be a matter for the particular industry to determine which WDC it belongs to, as it is that industry that understands best the particular 'fit' for its members.
13. In our view, coverage of the MEL WDC only works if the major industries and industry groupings covered by the WDC are properly represented. Major industries to be covered by the MEL WDC must have a direct line of representation at the Board level, and Board members must be directly answerable to those major industries.

Proposed preamble

14. The preamble 'acknowledges' and 'recognises' a sustainable, globally engaged and adaptive Aotearoa New Zealand, Te Tiriti o Waitangi, and 'the climate crisis and other global challenges, emerging technologies, global sustainability goals, the changing nature of work'. We strongly support these sentiments but are of the view that the framework for all WDCs should also reflect the core role of the WDC – to provide industry-leadership to Government (and TEC, NZQA and the NZIST in particular) on workforce skills issues on behalf of the covered industries, and to set standards for qualifications and skills. While these are covered in the functions, the preamble could usefully state the fundamental work

of every WDC which is providing industries with the leadership to deliver a workforce that is adaptable, highly skilled and productive. We therefore recommend the preamble be amended to state this fundamental work of the WDCs.

15. The preamble is not explicit on the functions of the WDC in providing industry with the vehicle to provide workforce development advice to Government agencies. This particularly relates to advice on qualifications and skills standards necessary to build a highly skilled workforce. However, we note this is covered in the functions set out in the Act and it underlines the importance of the cross-reference and footnote recommended above so that there is visibility on the face of the Order-in-Council of these roles without being duplicative of the Act.
16. More importantly, there is no mention made of the critical role that the MEL industries play in the New Zealand economy. Collectively, they contribute to a substantial share of the nation's GDP and, in a post-Covid environment, will be critical to economic recovery. While the preamble is intended to be common across all WDCs, we are of the view that a reflection of the economic importance of this MEL WDC to the national economy and security for the foreseeable future would be strongly applauded and welcomed by the industries. Text along the following lines might provide a starting point:

“The manufacturing, engineering and logistics industries are a critical part of New Zealand's prosperity and those industries have a major role in New Zealand's economic wellbeing, success and security into the future.”

Proposed governance and composition:

17. The MEL WDC is intended to be industry governed. The MEL sector is large and diverse, and accommodating those different industries and sectors, together with diversity, development and experience, makes an establishment and subsequent board of 7-9 people a near impossibility. While this size of board is considered best practice, an exception for this WDC is justified at least at the outset, on coverage and significance. By comparison, Fonterra has a board of 11 directors and Kiwirail (with a narrower scope) has a board of 9 directors. For this reason, the Order-in-Council should be more flexible in this area. We recommend the size be set at 7-12 directors.
18. While the expectation might be that the establishment board would work through establishment issues and a more streamlined approach with a smaller board size should be an evolutionary goal, flexibility should be made for a second board to be of the same magnitude (7-12 directors).
19. The Order-in-Council is silent on the expertise and composition of the independent Selection Committee. The independent Selection Committee needs to ensure that the Board reflects the industry governance that was intended under the Reform of Vocational Education. For this reason, we consider it important that the expertise and composition of the selection committee should be made explicit in the Order-in-Council. Ideally, the composition of the selection committee would be drawn from industry associations which represent the major industries covered by the MEL WDC, large companies with significant numbers of learners, or a number of companies or industry associations that combine to represent a substantial number of learners. It is crucial that industry believes that it has control and input into the board selection process.
20. NZFGC supports recognition in the Order-in-Council of the needs of Maori learners to be met. Several of the MEL industries have large numbers of Maori in their workforce such as the meat processing industry (about 40% Maori). However, this does not justify two co-chairs. As a general principle, a single chair ensures that the business of the board is

executed efficiently and that there is a clear point of accountability for the performance of the board. We would propose two deputy chairs as a more effective approach.

21. In reaching this view, we note that the proposal already specifies appointed Governance Associates who include the role of representation from Maori in keeping with our commitment to the Te Tiriti partnership. The Establishment Board must also include members who have a deep understanding and commitment to the principles of Te Tiriti o Waitangi and adequate representation from Maori in keeping with our commitment to the Te Tiriti partnership. These are comprehensive and compelling of a strong Maori presence. Having two chairs is presents the very real prospect of creating confusion, uncertain and fuzzy accountability and compromised decision-making and effectiveness.
22. The Order-in-Council presents the opportunity for further elaboration of industry representation. We are of the view that the Board overall should reflect the proportionally the relative sizes of the member industries in the composition of the Board. Consideration should be given to Order-in-Council stating that the Board include at least one member each from the following major industry sectors or groupings:
 - Plastics and metal manufacturing
 - Engineering
 - Logistics (including motor trades and transport)
 - Food and beverage processing
 - Primary food processing
23. This reflects the relative size of the main sectors that comprise the MEL WDC, and the main groupings that are already recognised by Competenz, Manufacturing Industry Training Organisation, NZ Marine and Composites Industry Training Organisation, and meat and dairy processors from the Primary Industries Training Organisation. This will ensure coverage of all major industries, and avoid capture by just a few industries. It is important that all main industries being covered by the WDC can see their interests have an advocate in the Board membership. For smaller industries, this may mean that their interests are incorporated in the membership through these members. We are strongly of the view that there must be clear 'line of sight' from industries to membership of the Board.
24. Consideration might therefore be given to the addition of another bullet point under the criteria for what the Board overall must have:
 - at least one member covering the following major industrial sectors or industry groupings:
 - Plastics and metal manufacturing
 - Engineering
 - Logistics (including motor trades and transport)
 - Food and beverage processing
 - Primary food processing
25. This would mean that five of the Board members are members who represent the sectors covered by the MEL, and give effect to the WDC being "industry governed". A sixth worker representative can be endorsed by the CTU.
26. An alternative to this could be a statement that the Board must have:
 - Representatives from both large and small enterprises/industry associations, proportional to their number of learners.
27. NZFGC would point out that the requirement for 'governance and/or public administration' is duplicated as a requirement for Board members and the Board.

Transparency and Accountability of the Board:

28. NZFGC is concerned that there is no formal mechanism for the Board to be accountable to its constituent industries. NZFGC suggests that the Order-in-Council set out that Board members must regularly report to the industries and that the Board must issue a Statement after each Board meeting of the key topics of discussion together with a paragraph on the seminal considerations of each topic. By way of example, the Communiqué issued by the Ministerial Forum on Food Regulation after each of its meetings is at Attachment A.

Australia and New Zealand Ministerial Forum on Food Regulation Communiqué 15 November 2019

Communiqué of outcomes from the Australia and New Zealand Ministerial Forum on Food Regulation meeting held on 30 January 2015 in Auckland 15 November 2019

The Australia and New Zealand Ministerial Forum on Food Regulation (the Forum) met today in Christchurch New Zealand to consider a range of food regulation and policy matters. The Forum comprises all Australian and New Zealand Ministers responsible for food regulation, and the Australia Local Government Association, and is chaired by the Senator the Hon Richard Colbeck.

Key outcomes from the meeting

HEALTH STARS RATING FIVE-YEAR REVIEW

The Forum considered the Health Star Rating system five year review report and its ten recommendations for enhancing the Health Star Rating system. Forum Ministers noted that the Health Star Rating system is a useful tool to assist consumers in making healthy food choices, and agreed that it should continue with some amendments resulting from the review. Forum ministers supported the majority of the recommendations contained within the review report, noting that some recommendations require funding support and will need to be considered further in the context of an implementation plan.

Forum Ministers noted that the intent of the system is for processed, packaged multi-ingredient foods and discussed the role of the system in relation to fresh fruit and vegetables. It was noted and agreed that for some minimally processed foods such as canned and frozen fruits and vegetables having a 5 star rating may be beneficial to consumers. Based on this discussion Forum Ministers requested the Food Regulation Standing Committee (FRSC) provide advice on the implementation of this recommendation including definitions for minimally processed fruits and vegetables.

Forum Ministers support changes to the algorithm identified in recommendation 4b, c, and d subject to peer review of the modelling of these changes by Food Standards Australia New Zealand (FSANZ) and further advice from FRSC on sugars and sodium levels in the calculator.

Ministers agreed to recommendation 9 regarding the system continue to be voluntary with options for interim targets in the 5-year period to be considered as part of the implementation plan.

In addition to the recommendations contained in the report, Forum Ministers also agreed to request FRSC consider the way edible oils are treated under the Health Star Rating system and provide technical advice on oils to the Forum in early 2020.

The Forum's response paper which outlines their decisions in detail will be published on the Food Regulation Website within the coming weeks. Consideration of outstanding issues and an implementation plan for agreed changes to the Health Star Rating system will be considered by the Forum in early 2020.

MODERNISATION OF THE FOOD REGULATION SYSTEM

The Forum today endorsed an ambitious plan to reform the Bi-national Food Regulation System (the System) to ensure it remains strong, robust and agile into the future. A key element underpinning the reform agenda is a comprehensive review of the Food Standards Australia New Zealand Act 1991 (FSANZ Act).

This decision reflects the knowledge that the System is operating in a complex operating environment with changing consumer expectations and significant technological advancements. Forum Ministers consider that the time is right for a fundamental examination of the way the System works and has

endorsed a strategic plan that will be used to guide reforms to the system. The strategic plan includes pursuing new institutional and legislative foundations for the System.

The Forum recognises that governments, industry, consumers and public health advocates in both countries play an important role in the joint Food Regulation System. All relevant stakeholders will be engaged in this reform process.

MISLEADING DESCRIPTIONS OF FOOD

Concerns have been raised by some stakeholders that the labelling and naming of plant-based alternatives to animal-derived products may be misleading to consumers, while other stakeholders have indicated that they considered these products are beneficial to both consumers and the economy. Plant-based 'milk' and 'meat' products are gaining popularity and today the Forum discussed how these products are referred to in the Australia New Zealand Food Standards Code. Ministers recognised the value of the meat and dairy sector to the Australian and New Zealand, diet and economy, but also recognised the growing value of the alternative products sector and agreed that both have a place in the market for consumers.

Ministers discussed the issue of 'synthetic' or laboratory-based products including animal cells grown in a culture rather than products from animals raised on a farm. Ministers noted claims that manmade and synthetic foods are trading on the intellectual properties of primary producers and appealing to the unconscious values consumers attach to natural products like dairy and meat products.

Ministers also noted the measures that the European Union and within the United States of America introduced to protect the intellectual property of producers, particularly dairy and meat. Ministers asked FRSC for its consideration of regulatory and labelling issues relating to these foods, with a view to developing a policy guideline to adequately differentiate 'synthetic' animal products from their natural or conventional equivalents.

Next Meeting

The next Forum meeting is scheduled to be held in early 2020.