# Investment Plan 2011-2013

## Introduction

The Government has identified six main structural policy drivers that will improve New Zealand's economic performance and support more sustainable growth. These include improving the regulatory environment for business, lifting the performance of the public sector, supporting innovation and business, improving infrastructure, making the tax system fair and efficient – and lifting the performance of the tertiary education sector to improve productivity and help businesses compete internationally.

The Tertiary Education Strategy 2010-2015 (TES) articulates the Government's strategic direction for tertiary education ensuring appropriate accountability for public funding, implementation of a performance based funding system, greater relevance and increased cost effectiveness.

This Investment Plan 2011-2013 has been developed by the NZ Motor Industry Training Organisation (Inc) (MITO).

MITO is the key interface between the motor and industrial textile fabrication industries and the tertiary education sector.

This section of the Investment Plan 2011-2013 articulates the special character and distinctiveness of the industries that MITO serves; examines the implications of current and future trends and issues in our industries; indicates the strategic direction MITO proposes to follow in response to these; and outlines the connection between new policy imperatives and MITO's investment path and needs over the years covered by this planning period. It also discusses stakeholder relationships, managing participation and achievement, and capability development needs.

The Investment Plan 2011-2013 is aligned to the TES, reflects industry aspirations for workforce development and has been contextualised against:

- MITO's Strategic Training Plans – Statement of Intent (2010)
- MITO's Literacy and Numeracy Strategy (2009)
- Developments in the business environment (national and international)
- Specified educational and vocational training needs for skill attainment and productivity
- Proposed changes to the operational policies governing industry training
- MITO Board direction on strategic priorities and capability requirements.

Furthermore, the Investment Plan 2011-2013 responds to the legislated and mandated responsibilities of industry training organisations (ITOs) and their distinctive and significant contribution to the tertiary sector[1]:

| ITO Core Roles | TES Aspirations | Government Expectations of ITO's |
|---|---|---|
| To design national qualifications and run moderation systems to ensure fair, valid and consistent assessment against national standards<br><br>To arrange for the delivery of industry training that enables trainees to attain these standards<br><br>To provide leadership to their industries on skill and training matters, identify current and future skill needs and work with employers and employees to meet those needs | Provide New Zealanders of all backgrounds with opportunities to gain world-class skills and knowledge<br><br>Raise the skills and knowledge of the current workforce to meet labour market demand and social needs<br><br>Produce high quality research to build on New Zealand's knowledge base, respond to the needs of the economy and address environmental and social challenges<br><br>Enable Māori to achieve tertiary education success as Māori | Work with industry to ensure that vocational learning meets industry needs<br><br>Enable working New Zealanders to complete nationally recognised qualifications<br><br>Create clear pathways towards advanced trade qualifications at levels four and above<br><br>Build and maintain strong support from the industries they serve |

# MITO's Current Performance

MITO is recognised as a high performing ITO, characterised by evidence-based decision making, a results-orientated focus and a consultative and collaborative approach. Strong industry engagement through wide expansive networks ensures that MITO is truly representative of the motor and industrial textile fabrication industries. Formal networks were extended to include secondary schools and other TEOs, including university representation on the Reference Groups contributing to the development of the respective Strategic Training Plans (2010).

**Some highlights from 2009:**

- Record numbers of learners completed their training programmes with MITO during 2009. An unprecedented 1,511 national qualifications were achieved, an increase of 24 percent on 2008. This increase was consistent across all qualifications. Correspondingly credit achievement was boosted by 23 percent over the previous year
- Three new training programmes were launched enabling staircasing to higher levels:
  - MITO National Certificate leading to National Certificate in Motor Industry (Automotive Body) (Level 3 and 4) Collision Repair strand
  - MITO National Certificate leading to National Certificate in Motor Industry (Automotive Body) (Level 3 and 4) Automotive Refinishing strand
  - MITO Collision Repair Extension Programme

1. *The Tertiary Education Strategy 2011-2013*

- The annual customer satisfaction survey of over more than 1,300 learners and employers continued to deliver positive results with 87 percent of learners and 82 percent of employers confirming that they were satisfied or very satisfied with MITO. Employers commented on the high quality of the programmes and the business benefits from having qualified employees; while learners were positive about their future career prospects in the industry. Forty-three percent indicated that they were considering further training once they had completed their current training MITO programmes
- MITO facilitated professional networks in the industries we serve by
  - sponsoring over 60 tertiary automotive educators to attend the "Teaching for Excellence – Excellence in Teaching National Conference 2009" hosted by UCOL in association with Ako Aotearoa
  - hosting the second automotive National Technical Forum for national training and technical service managers
  - hosting the annual Modern Apprenticeship Conference, which included literacy and numeracy workshops presented by Workbase
- MITO participated in a comprehensive trial of the TEC literacy and numeracy assessment tool, involving more than 1,200 learners. MITO's literacy strategy was reviewed and an implementation plan designed to embed literacy in all training programmes
- MITO partnered with NZIER to undertake a research project modelled on Canadian research which provides compelling evidence of the far reaching benefits of apprenticeship training – for learners, for employers and for society as a whole. This methodology was shared with other ITOs and MITO was invited to publish the research results in the inaugural *Canadian Apprenticeship Journal*
- Research was completed on the network of education and training provision for MITO's industries. The scope of the project was to provide an overview of the current network of education and training provision and to forecast volumes of training and education going forward
- MITO developed an industry profile for the automotive and industrial textile fabrication industries. This looked at the historical changes in vehicle stock, sales and accidents, as well as changes in employment. Forecasts about future growth in the industry and the changing need for skills were also included in the project.

MITO's achievements in 2009 against the TEC performance indicators indicate that MITO is well positioned against the criteria applied.

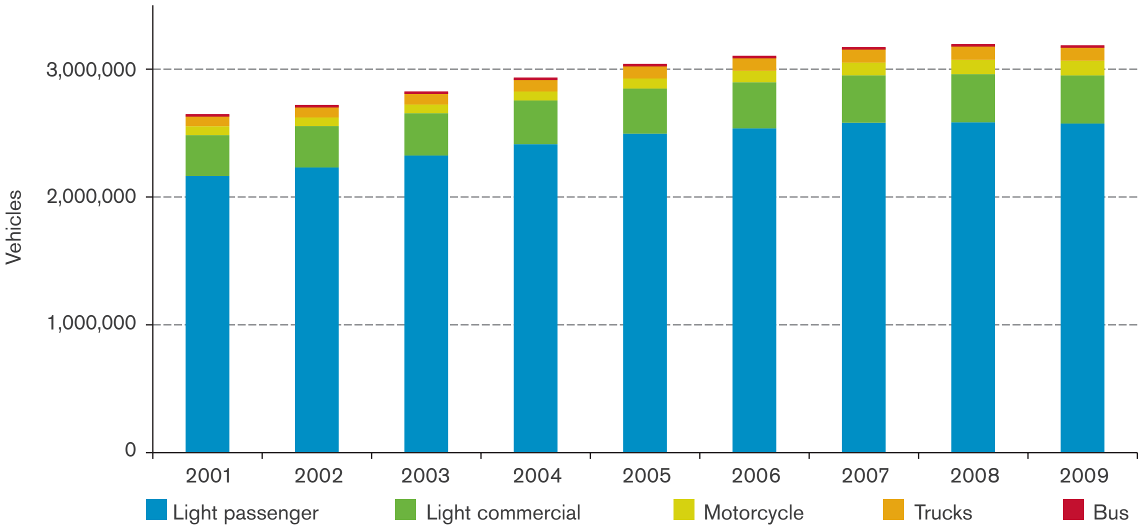
| | STMs Planned (2009) | STMs delivered (2009) | Completion Rates (all trainees) % | Rate of Credit Achievement % | Liquid Assets | Industry Cash Contribution |
|---|---|---|---|---|---|---|
| MITO | 2585 | 2380 (92%) | 66% | 61% | 33% | 29.6% |
| Sub-sector Average 2009 | | | 41% | 47% | | 30% |
| Top Quartile 2009 | | | >48% | >53% | | |
| High Performance | | | >80% | >80% | 13 – 25% | >30% |


# The Motor Industry[2]

**Key features of the motor industry are that:**

- It is a major employer with 87,018 people – just under 4% of total employment in New Zealand[3]
- There are 15,131 businesses – with an average number of 5.2 employees per business[3]
- The regional profile of employment in the motor industry broadly mirrors that across all industries in New Zealand, reflecting that the industry has a domestic and local focus with businesses located in the communities they serve[4]
- New Zealand has one of the highest rates of car ownership in the world. The total light vehicle fleet was 3,383,960 vehicles in 2009[5]. The composition of the fleet is shown in the chart below[6]

**Figure 1. Fleet composition**




2. *MITO Automotive Strategic Training Plan – Statement of Intent 2010*
3. *A Profile of Employment and Future Skill Needs in the Motor Sector, prepared by Infometrics for MITO, July 2010*
4. *Data obtained from Statistics New Zealand's Census 2006*
5. *New Zealand Transport Agency: Motor vehicle registration statistics 2009, Table 31: Total licensed vehicles, by vehicle type as at end of June 2009*
6. *Ministry of Transport: The New Zealand Vehicle Fleet, Annual Fleet Statistics 2009: March 2010*

- New Zealand's vehicle fleet is old and ageing – the average age of a car in 2009 was 12.94 years, up from 11.55 years in 2001[7]. However, the latest technology is being imported into the country, with the diversity of vehicle brands also increasing
- By international standards, New Zealanders rely heavily on road transport. On a per capita basis, New Zealand rates as one of the most highly motorised countries in the OECD. The latest OECD comparison shows that New Zealand had the second highest vehicle kilometres travelled or VKT per person out of 30 OECD countries[8] – the distance travelled on our roads in 2009 was 39.9 billion kilometres, up from 35 billion kilometres in 2001[9]. This continues a long-term upward trend. Major causes have been an increase in population and growth in the economy, but the average New Zealand driver is also driving further
- Automotive retail sales were over $16 billion in 2009 – 25% of total retail sales[10].

## International Trends and Issues

Internationally the automotive retail industry is in crisis. Car sales fell sharply in the fourth quarter of 2008 and continued to decline in 2009. This resulted in many manufacturers cutting back production schedules.  Recovery is expected to be slow; however, there are early signs of recovery in 2010.

## National Trends and Issues

Enterprises within the motor industry are located throughout New Zealand. They are concentrated in the sales, maintenance and repair sectors. A relatively small portion of the industry is involved in research and development, manufacturing of vehicles and equipment, vehicle assembly, refurbishment and reconditioning. Recycling of vehicles and vehicle parts form part of the automotive industry value chain. Environmental considerations are becoming increasingly prevalent; as are consumer preferences, specifically relating to safety. New and emerging technologies are expected to significantly impact on the requirement for more diversified high level technical, IT and generic skills.

MITO has completed research that provides insight into the impact of the recession from 2008 to 2009. The most pronounced impact of the recession was the recent decline in vehicle sales. The number of cars sold in 2009 was 30% below its peak in 2005. The relative impact of the recession on the motor industry is also evident from a comparison of change in the employment in the motor industry (a decline of 8%) compared to an increase of 8% in the total national employment between 2005 and 2009. These figures indicate that the businesses in the motor industry were impacted upon more severely by the recession than the average New Zealand business.

In this environment it is important to note the sub-industries that went against the overall trend in the motor industry between 2000 and 2009[11]:

- Employment increased by 68% in the motor body and trailer manufacturing
- Employment increased by 49% in the vehicle parts retailing
- Employment in motorcycle dealing increased by 53%
- There was a 15% growth in employment in the motor repair services.

It is forecasted that the motor industry will grow 5% between 2009 and 2014.

7. *New Zealand Transport Agency motor vehicle registration statistics 2009, Table 30: Age profile of major vehicle types, by type and age group as at year end 2009, and mean age in previous years*
8. *Ministry for the Environment Environmental Report Card March 2009; INFO 358: Vehicle kilometres travelled by road*
9. *Ministry of Transport: Transport Monitoring Indicator Framework, Transport Volume: Vehicle travel TV001: Road vehicle kilometres travelled (VKT)*
10. *Data obtained from Statistics New Zealand's Retail Trade Survey, June 2009 and December 2009 quarters*
11. *A Profile of Employment and Future Skill Needs in the Motor Sector, prepared by Infometrics for MITO, July 2010*

## Forecast

- Strong increase in the employment of vehicle inspectors and test certifiers due to increasing compliance regulations, especially around emissions. The Vehicle Exhaust Emissions Rule 2007 has come into effect and imported vehicles must now be tested for a new standard of emissions compliance before entering New Zealand
- The Government is progressively reviewing relevant legislation and is consulting on the new Road Safety Strategy. This will further impact on the skill development needs of the automotive industry
- Decline in the employment of collision repair technicians and automotive refinishers due to the trend to replace parts rather than repair
- Strong increase in the number of coachbuilders due to the growth in the vehicle body manufacturing sub-industry
- Increased demand for automotive and diesel technicians due to the increase in diesel vehicles. The charts below[12] show the mix of vehicles that entered and exited New Zealand's fleet between 2000 and 2009, the bars above zero on the vertical axis show vehicles entering the fleet, and the bars below zero show vehicles that exited. All diesel vehicles in the fleet have been expanding (the vehicles entering exceed the vehicles exiting).

**Figure 2. Light passenger entry and exit**

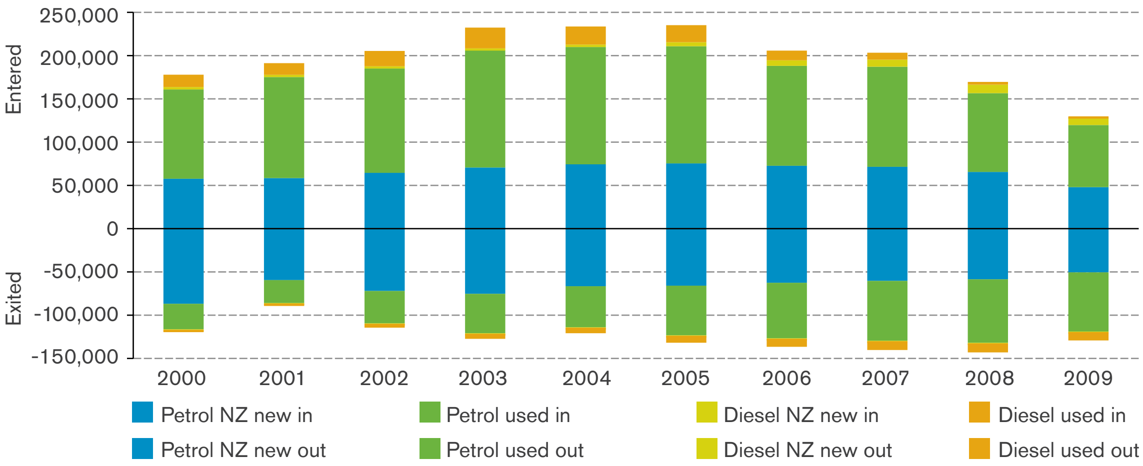
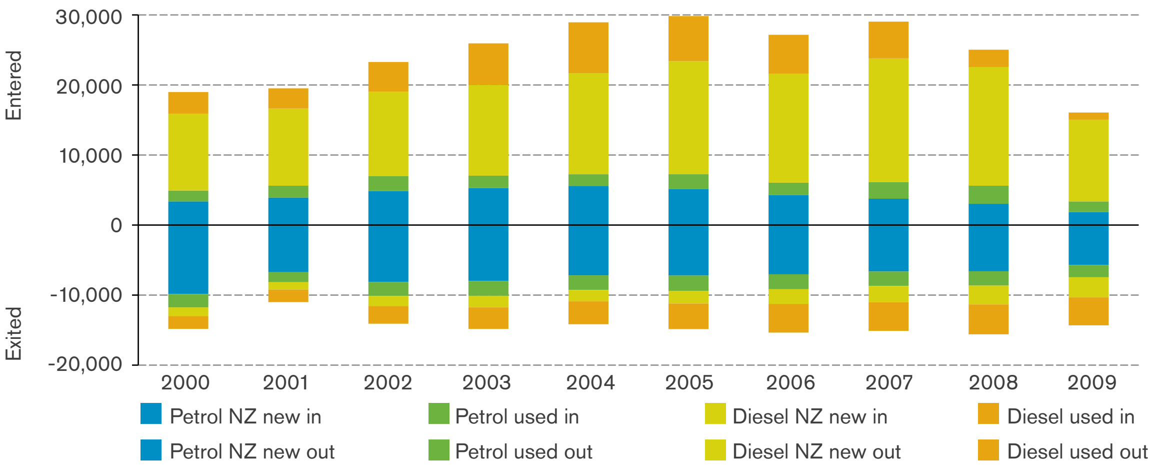



**Figure 3. Light commercial entry and exit**




12 *Ministry of Transport: The New Zealand Vehicle Fleet, Annual Fleet Statistics 2009: March 2010*

**Figure 4. Bus entry and exit**

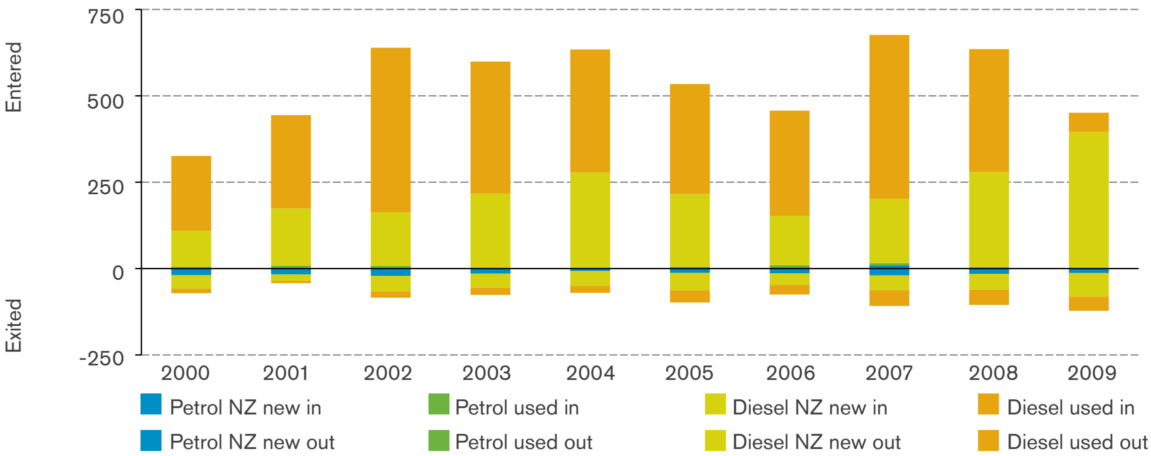
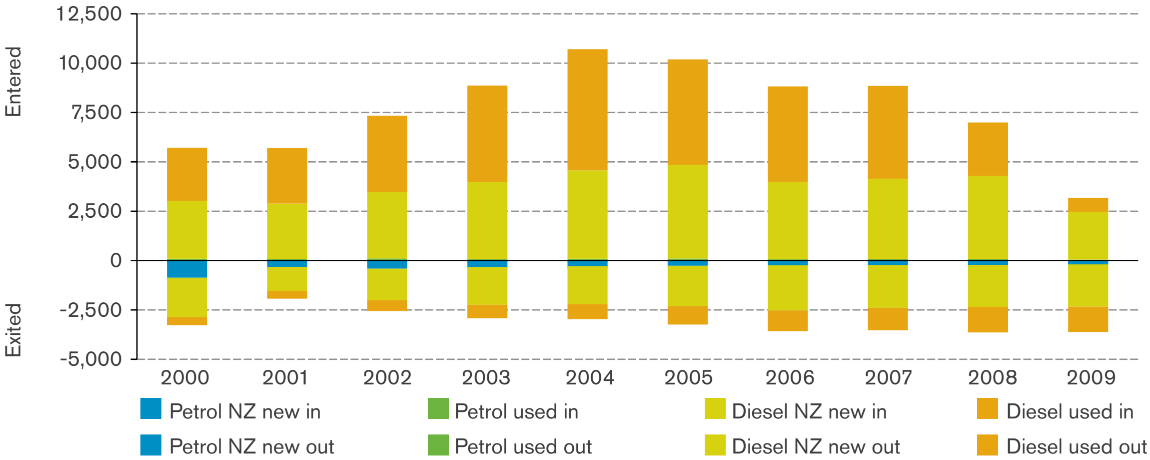
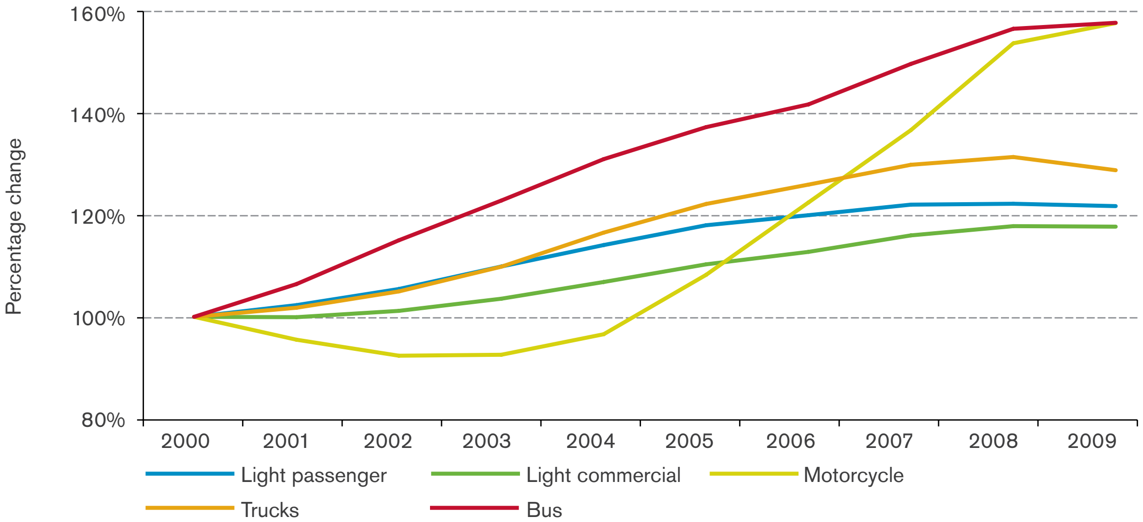



**Figure 5. Truck entry and exit**




- Relatively strong growth in motorcycle dealing leading to a strong demand for small engine technicians. The chart below[13] shows that motorcycle and moped numbers grew by almost 60 percent in the period from 2000 to 2009.

**Figure 6. Fleet composition relative to Jan 2000**




*13. Ministry of Transport: The New Zealand Vehicle Fleet, Annual Fleet Statistics 2009: March 2010*

# The Industrial Textile Fabrication Industry[14]

**Key features of the industrial textile fabrication industry are that:**

- It is a small, niche manufacturing industry, with around 507 businesses and 2,600 employees in 2009[15]
- Despite slow (or negative) employment growth in the industry as whole, it is SMEs that now make up what is regarded as the industrial textile fabrication industry and employment in SMEs grew by 15% between 2000 and 2009[15]
- It involves fabric manufacturing and the design and creation of fabric solutions for a wide range of applications
- Design technology and sophisticated engineering characterise the success of this industry in international competitions
- Export plays a key role in the demand for industrial textile products with export values tripling between 2000 and 2009[16].

## Business Trends and Issues

The industrial textile fabrication industry has been boosted in recent years by lifestyle trends, which have increased the market for leisure and outdoor products.

MITO has completed research that provides insight into the impact of the recession from 2008 to 2009, and although the recession created a downturn in business this is expected to have a relatively short term effect.

## Forecast

- Continued expansion in the canvas fabrication sector over the next 10 years. Further growth in the industry will be underpinned not only by improved global economic growth, but also internally in New Zealand as the construction industry recovers
- An increase in the number of managers arising from the growth in the number of businesses
- Increasing emphasis on design and servicing for all sectors and strong growth in the number of designers. The aggregate growth in demand for design skills may exceed the growth in employment of designers. The additional demand is expected to be met by developing the design skills of personnel in other occupations such as canvas workers
- Strong growth in the number of canvas workers and sailmakers accompanied by a further decline in sewing machinists. In canvas fabrication sewing will increasingly be replaced by other bonding methods and in sailmaking more yacht sails will be moulded

*14. MITO Industrial Textile Fabrication Strategic Training Plan – Statement of Intent 2010*
*15. A profile and Skills Analysis for the Industrial Textile Fabrication Industry, prepared by Infometrics for MITO, July 2010*
*16. Overseas Merchandise Trade statistics: Textile fabrics; impregnated, coated, covered or laminated; textile articles of a kind suitable for industrial use category*

- Exports are expected to grow for large projects such as weather protection for outdoor events. The domestic market for sunshade and weather protection products is also expected to continue to grow. Factors such as an increasing awareness of the risks of skin cancer, and the fashion for indoor-outdoor domestic spaces have contributed to this trend. There have been significant developments in fabric technology, with new fabrics being produced which are stronger, more durable and more fire-resistant.
- Computer-aided design (CAD) is transforming the industry as well, but at the moment the cost of this new technology is out of reach of many of the smaller firms
- The motor upholstery and trimming sector will continue to become more specialised (for example, quality customised restoration and embellishment projects)
- Expansion into the marine upholstery and trimming sector where there is a higher demand for work
- The sailmaking sector expects that the international market will continue to grow strongly; the domestic market is expected to remain very competitive.

## Demographic and employment profile

The demographic and employment profile[17] of the motor and industrial textile fabrication industries, compared with all industries in New Zealand, are that:

- They have a younger age profile than that across all industries[18]
- The industry workforce is ageing, but at a similar rate to that across all industries
- They have a much higher proportion of males[19]
- They are less ethnically diverse, with an over-representation of Europeans[20]
- Part-time work is relatively uncommon[21].

## Challenges for Education and Vocational Training

Common skill development themes that have emerged for the motor and industrial textile fabrications industries include:

- Literacy, numeracy and language skills
- High level technical skills
- High level generic skills
- Environmental awareness and sustainable working processes
- Management and supervisory capability
- Compliance and accountability in a changing regulatory environment.

These align well with the Government's intentions and focus over the next three years.

*17. Data obtained from Department of Labour Skills Insight Tool, data up to 2008*
*18. In 2008 20% of MITO industries are between 15 and 25, compared to 16% for all industries*
*19. In 2008, 98% of people employed in MITO's industries were men compared with 53% across all industries in New Zealand.*
*20. In 2008, 74% of people employed in MITO's industries were European compared with 69% across all industries in New Zealand*
*21. In 2008, 7% of people employed in MITO's industries were employed part-time compared with 22% across all industries.*

# MITO's Commitment

MITO is committed to lifting the quality and performance of industry training to support a highly skilled and productive workforce, extending and expanding career pathways and providing innovative and effective skills leadership. The following table provides an overview of indicative initiatives against the TES priorities.

| TES Priorities | MITO Commitments | Indicative Initiatives (2010) |
|---|---|---|
| **Aligning provision to support the TES priorities** | Release of revised programmes leading towards national qualifications at Levels 3 and 4 to encourage aspirational learning and career staircasing | MITO National Certificate leading to National Certificate in Business (First Line Management) (Level 4) was launched in August 2010.<br><br>First tranche (5 programmes leading towards national qualifications) to be released on 1 November 2010. Developed in consultation with industry advisory groups. |
| | Development of enhanced training model aligned to learning progressions and supported by integrated learning and assessment materials. | Peer reviewed and endorsed by an industry working group. Practical assessment pilot completed. |
| | Expansion of MITO's StartUp® secondary school programme | Delivery model enhanced to include regional oversight and local visitation to schools and workplaces, with assessment services provided.<br><br>Alignment to trades academies to be explored. |
| | Release of new national qualifications to encourage attainment of national qualifications at Level 5 and above | Initial scoping underway for new qualifications specifically for automotive insurance assessors and automotive educators. |
| | Ongoing reviews of national qualifications and vocational training provision to guarantee relevance, access, cost effectiveness and compliance to national standards | Industry Profile and Skill Needs reports reviewed by Infometrics. The review included updating industry and occupational categories used by Statistics New Zealand.<br><br>Strategic Training Plans – Statement of Intent completed and published.<br><br>Ongoing reviews scheduled as business as usual. |

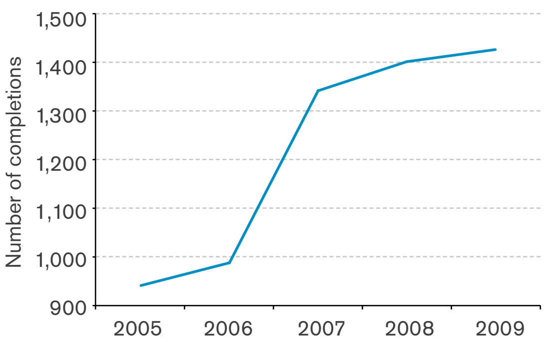
| TES Priorities | MITO Commitments | Indicative Initiatives (2010) |
|---|---|---|
| **Raising achievement rates for trainees** | Implementation of success strategies for under-represented groups | MITO under-represented strategies developed and agreed. Implementation plans to be finalized.<br><br>Awaiting outcome of joint proposal (MITO, BCITO, ETITO and ITF) to Ako Aotearoa for the “Building Participation and Success for Māori Learners in Under-Represented Areas of Tertiary Education” project, which aims to implement new, or expand existing interventions to raise the participation and success rates of Māori learners. |
| | Individual assessment of literacy and numeracy needs of learners supported by appropriate intervention and support strategies | MITO is participating in the TEC assessment tool pilot.<br><br>Business processes mapped out for compulsory use of the TEC assessment tool in 2011.<br><br>Intervention and support strategies in place. |
| | Dedicated pastoral care and reporting mechanisms to ensure learners and their employers are well supported and alert to any performance issues | Ongoing reviews and upgrades implemented in Pivotal.<br><br>MITO’s Group Manager – Corporate Services is one of the two ITO Project Managers for the ITR Cluster Project. |
| **Enabling employees to contribute to the local and national economy** | Development of managerial capability through higher level technical qualifications (Level 5 and above) and the National Certificate of Business | Initial scoping to be completed. |
| | Collaborating on evidence-based research which supports return on investment, increased productivity and enhanced business practices | Research project underway in partnership with the NZ Centre for SME Research, with input from NZIER. |
| | Showcasing employers who embed industry training into a broader range of HR strategies and encourage learners to upskill and achieve higher level qualifications | See above. |

# Reshaping MITO's Strategy (2011-2013)

The MITO Board and senior leadership team have established five strategic priorities aligned to the Government's objectives corresponding to current and future educational and vocational training needs for the motor and industrial textile fabrication industries.

The graph below shows that training participation and completion in MITO's sectors has experienced consistent growth over the last five years and with the focus of these strategic priorities this is expected to continue.

**Figure 7. Qualification Completions**




## 1. Skills Leadership

- Foster enduring partnerships
- Formalise wider international relations
- Consider mergers and acquisitions

Clearly, leadership initiatives will strengthen industry and tertiary alignment and engender greater collaboration and co-operation. An example where this could be put to great effect is the current partnership between MITO, Tranzqual and Infratrain to develop a consolidated transport skills strategy. This MITO-led project is being partially funded by TEC through the Sector Leadership Fund. It is anticipated that this project could be expanded to include other transport sectors involved in industry training (for example, sea and air transport).

Strengthening trans-Tasman and wider international collaboration will ensure that a broader, more global perspective is taken around skill attainment and qualification design and development. This is particularly relevant for the automotive industry where the manufacturing base is off-shore. New and emerging technologies need to be embraced quickly and expertise applied.

MITO is strongly positioned to support the wider ITO community.

## 2. Lifting Quality and Performance

- Promote excellence and opportunity
- Increase participation and completion rates
- Increase attainment at higher levels

Ensuring that learners and their employers comply with TEC's new expectations around credit achievement, over-durations, over-enrolments and inactive trainees will sharpen MITO's focus on improved business processes and internal audit processes.

Entry level skill requirements are increasing. MITO will continue to provide pathways into industry training from schools by supporting students in the StartUp® programme (Level 1) linking schools with industry by providing practical experience in the automotive industry. MITO will also look for opportunities for supporting students and learning in Trades Academies and Tertiary High Schools.

There are opportunities to increase participation and qualification attainment at higher levels through the provision of high level technical skills, high level generic skills, environmental awareness and sustainable working processes, management and supervisory capability development as well as compliance and accountability in a changing regulatory environment.

MITO will continue to promote the recruitment of under-represented groups. This will be supported by analysis into participation rates, critical success factors and the development of strategies to ensure there are no barriers to the recruitment of these groups into the motor and industrial textile fabrication industries.

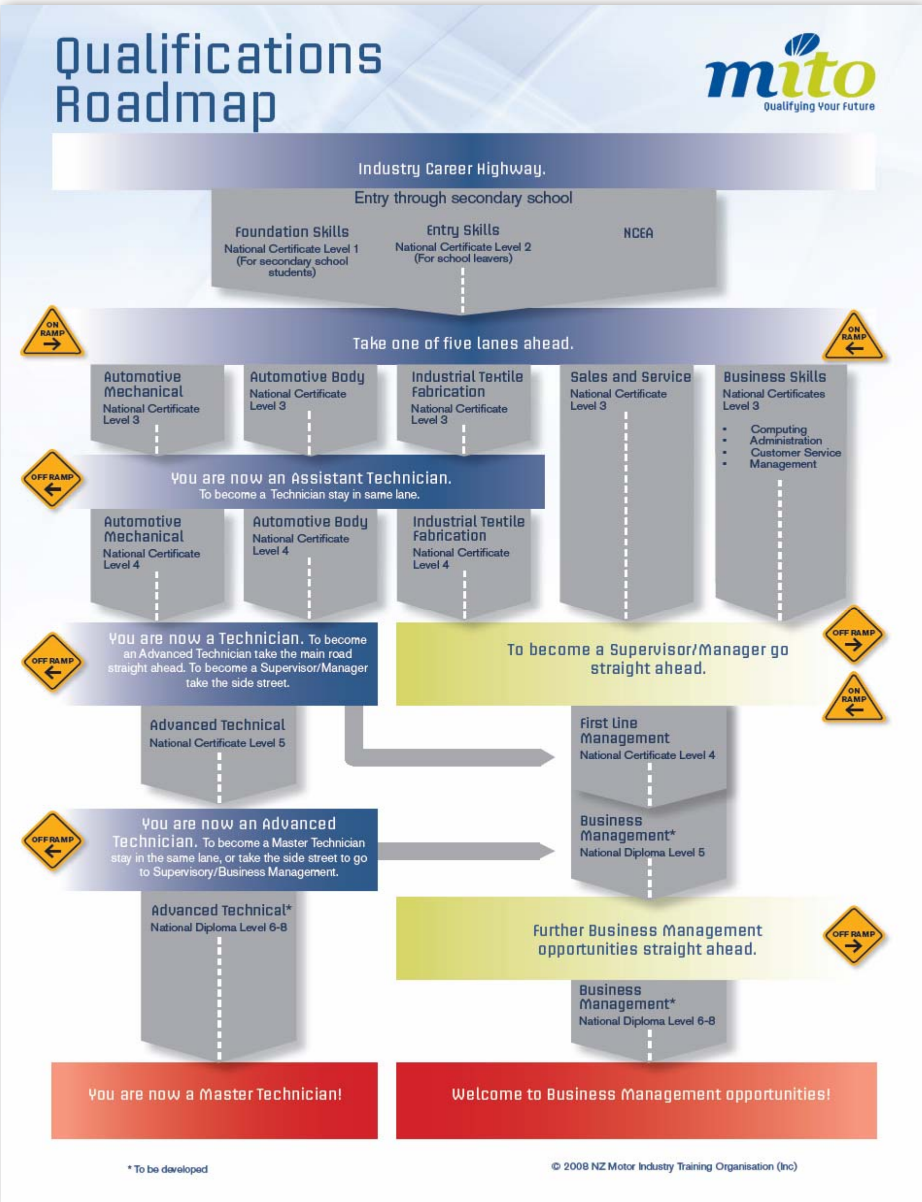
## 3. Managing the Delivery of Industry Training

- Leverage technological innovation
- Promote a synergistic and integrated training delivery models
- Encourage advancement through clear vocational pathways

MITO maintains an ongoing process, both strategic and technical, of reviewing the relevance, delivery mechanisms and achievability of our suite of qualifications.

Instructional programme design which takes into account the developmental needs of the learner, integrated task applications within an industry context and more rigorous assessment has been pioneered by MITO. Greater impact and improved access will be explored through a range of learning platforms, including e-learning. This is an area which will require significant research and investment.

MITO has developed a career roadmap which features career progression and career pathways above Level 4. Supported by new programmes, MITO's enrolment strategy will focus on appropriate entry points and increasing opportunities for staircasing through qualifications.



## 4. Increasing literacy, numeracy, language and skills outcomes

- Apply a holistic approach to meet labour market demand and social needs
- Embed literacy and numeracy competencies in training provision
- Provide robust pastoral care

The Government has prioritised lifting the literacy and numeracy (LN) skill level of the New Zealand workforce in order to improve productivity.

The tertiary education and training sector is currently involved in up-skilling trainers, tutors and industry stakeholders to ensure that the workforce reaches appropriate LN levels to function productively. MITO's aim is to have appropriate LN embedded in all industry training programmes from 2011 onwards.

During their study, MITO learners benefit from a highly supportive learning environment. The extent and efficiency of MITO's pastoral care contribute directly to MITO's special character. MITO is well positioned to execute the use of the TEC LN assessment tool in 2010, and has worked with Workbase to ensure that pastoral care for our learners will be enhanced by effective use of all available assessment data in support of learning. Significant investment in this area will have a major impact on the success of learners.

Automotive and industrial textile employers have endorsed the need for LN upskilling of the workforce.

## 5. Improving system and organisational performance

- Extend organisational capability and capacity
- Engage in high quality research
- Maintain rigorous monitoring and controls

MITO's organisational structure is reviewed annually. Secondments within MITO have enabled team members to be exposed to other aspects of the business providing upskilling opportunities at the same time. Cost benefit analysis is done around permanent appointments for business as usual activities versus contracting arrangements for discrete specialist projects. Transfer of knowledge is encouraged in both instances.

System and organisational performance is rigorously monitored by the MITO Board.

The framework for an integrated and organisational-wide research programme will be developed with a view to enabling wider ITO collaboration and co-operation which could lead to joint initiatives for qualification development, stakeholder engagement strategies, career profiling, strategies for under-represented groups etc.

## Investment Proposal 2011-2013

MITO's Investment Plan 2011-2013 will be executed in accordance with the evidence provided against the measures negotiated with TEC.

**Peter Hancock**
**Board Chair**

30 September 2010

**Janet Lane**
**Chief Executive**

30 September 2010