



SUBMISSION ON THE PROPOSED REFORM OF VOCATIONAL EDUCATION

On behalf of MITO New Zealand Incorporated.



**mito**

ABOUT MITO

MITO is the Industry Training Organisation for the automotive, industrial textile fabrication, commercial road transport (including state sector and New Zealand defence force for road transport-related operations), stevedoring and ports, road transport logistics and warehousing, freight forwarding and distribution, extractives, drilling, gas, and resource recovery industries.

INTRODUCTION

Thank you for the opportunity to give feedback on the proposed changes to the vocational education system in New Zealand.

Feedback from our stakeholders, including employers, learners and national corporate entities has informed and shaped this submission. This submission also upholds the recommendations made in the Industry Training Federation's submission.

We see opportunities in the proposed reform, and acknowledge that improvements can be made to some parts of the sector. We therefore support the intent of the Review of Vocational Education (RoVE) proposals to ensure clear and complementary roles, better links and pathways and increased collaboration and co-operation across the sector. We strongly disagree that the entire sector needs radical change.

We support proposal 2, and consider the financial stabilisation of publicly funded vocational education providers the most urgent priority. We also support proposal 3, to create a unified vocational education funding system.

We recommend an expanded role for the proposed Industry Skills Bodies to ensure consistent national delivery and adherence to industry standards across the vocational system. We do not support transferring responsibility for workplace training and apprenticeships to vocational education providers.

This submission presents our stakeholders' views on what New Zealand needs from a vocational education system and a counter-proposal that they believe will meet the needs of all stakeholders in the system.

We provide our shared perspective on the key features of an inclusive vocational educational system and highlight the risks for industry if the reforms proceed without considered adjustments.

Stakeholder consultation

MITO posed three questions to our stakeholders via our website from 28 February to 29 March 2019.

“Do you agree with the disbanding of ITOs, including MITO?”

84% “No”

835 respondents

“A national institution would be good for industry”

74% disagree

832 respondents

“Transferring the responsibility for the 145,000 apprentices and learners currently enrolled in ITOs to the national institution, joining its 110,000 current enrolments, would be good for industry”

81% disagree

831 respondents

Survey respondents were invited to provide any comments on the proposed reforms. Of 446 comments, 376 (84%) indicated that they had concerns with the proposals. Comments from our stakeholders have been used in this submission to explain their views.

MITO also held an urgent industry summit with our corporate clients to seek guidance on what they believed was best for our industries in the reform of vocational education in New Zealand.

MITO's Industry Council have considered the proposals and have made a separate submission.

SUMMARY OF RECOMMENDATIONS

Our advice is to retain the parts of the current system that afford a strong New Zealand Apprenticeship brand; promote career pathways for school leavers; support specialisation and discrete focus on an industry; provide strong, individualised pastoral care for learners and employers; and offer flexible and innovative training solutions that meet the needs of learners.

We recommend doing this by:

1. Consolidating (or reconfiguring) the 16 Institutes of Technology and Polytechnics as the most urgent priority.
2. Creating a unified vocational education funding system and in doing so clarifying the roles of those within the system to remove overlap and encourage collaboration.
3. Extending the leadership role of industry and employers across all vocational education, including provider-based vocational education, through Industry Training Organisations or the proposed Industry Skills Bodies.
4. Not separating training from standard-setting. Rather, transferring to Industry Skills Bodies the vocational education providers' current role of providing and supporting workplace learning and assessment for work-based vocational education.
5. Simplifying the system to ensure that it is agile, coherent and responsive to the evolving needs of industry and learners.
6. Building employer incentives into the funding model to support growth in the system, starting immediately.
7. Taking a staged approach and carefully reviewing all options and corresponding costs at pivotal milestones against any proposed new vocational education landscape.

WHAT WE NEED IN A VOCATIONAL EDUCATION SYSTEM

A strong and compelling brand

Why is this important?

To attract people into our industries, vocational education needs to be presented as a premium opportunity, both for learners and employers.

The New Zealand Apprenticeship brand is afforded to a qualification and training programme that ensures graduates are 'work competent' for the occupation in which they have been training. The New Zealand Apprenticeship logo can only be used in association with training that has been approved by the Tertiary Education Commission as a New Zealand Apprenticeship. This is to ensure consistency of branding across the country in order to build the profile and value of New Zealand Apprenticeships.

The proposal to enable qualifications to be completed in any setting, with learners able to move smoothly between work and study in different places, will result in inconsistent outcomes. Employers won't have confidence in graduate outcomes because skills developed solely within a classroom setting are not equivalent to the skills a learner would develop if they were practicing and applying that skill, in the workplace, on a regular basis. This opinion is upheld by industry consultation undertaken by PWC's Skills for Australia.ⁱ

Lack of confidence in graduate outcomes will devalue the New Zealand Apprenticeship brand, which will make it harder to attract new talent to vocational education.

What our stakeholders have told us

"Surely MITO (as the setter of the standards) is in the best position to be the ultimate 'point of the umbrella'? We've seen such disparate end results from polytech students and the MITO program is so well run and administered. Just seems like breaking a good system, to make an average one better?" Automotive industry

"Disbanding ITOs will inherently erode quality of training, quality of apprentices" Automotive heavy industry

What the new system must have

The industry must have control over the design of the training programmes for New Zealand qualifications.

Programme development is part of the qualification development process and the key tasks of each are interlinked. Therefore, the standard-setter should also be able to specify the programme, including delivery mode. Learning and assessment resources should be developed in parallel with programme development to ensure a cohesive learning package that is designed by and meets the needs of industry.

This way the value of the New Zealand Apprenticeship brand is upheld, national consistency is guaranteed, and apprenticeship training is able to be promoted as a valid career pathway. In the same way, the value of the Industry Trainee brand can be developed and promoted as a valid career pathway.

Individual focus on industries

Why is this important?

ITOs currently provide specialisation and individual focus on an industry. Individual industry focus ensures skills leadership, standard-setting, qualification and programme development, learning and assessment resource development, training arrangements, pastoral care, and quality assurance are all provided by an organisation that is industry-led and accountable to industry. There is a fear that the proposed new system would mean a loss of individual focus on industries and their workforce development aspirations.

What our stakeholders have told us

“ITOs give focus to a particular industry; the absence of ITOs will dilute focus. Just wait and see what happens when we have a major incident or a multiple fatality and we find that the quality and availability of training was the main contributing factor.” Mining and Quarrying industry

“ITOs provide quality support service, e.g. MITO supporting the drilling industry with experienced knowledge. We can't afford the disruption and loss of quality support for essentially just another admin restructure for the benefit of no one. What is needed is technical expertise with experienced coaching focusing on practical methodology.” Geotechnical and mineral exploration drilling industry

“It's really good having training advisors and representatives of the industry supporting the learning of employees in our industry. We wouldn't get that connection with a mega tech.” Civil industry

“Having an ITO specific to that industry and the regions where those jobs are located is vital.” Mining industry

“I believe the reality will be a loss of industry understanding and connection.” Extractives industry

“The industry needs to be managed by industry knowledgeable people who are familiar with their trade and the direction that it should be taking.” Automotive industry

What the new system must have

Credibility with industry is paramount. Standard-setters without connectivity to workplaces, benefiting from regular feedback loops, will place this in jeopardy. Unpicking roles and functions aligned to the full repertoire of industry-centric aspirations and learner specific goals has the potential to create confusion and disruption. The proposed demarcation of responsibilities between Industry Skills Bodies, Centres of Vocational Excellence, Regional Leadership Groups and the New Zealand Institute of Skills and Technology will risk undue complexity in the system and likely introduce roadblocks in a system that needs to be agile and responsive.

Links with schools

Why is this important?

School transition into the world of work is an essential pipeline for new and emerging talent. This creates a pivotal point, linking schools directly with industry in their communities. This is a significant opportunity for schools, students and employers and needs to be carefully brokered and managed to ensure the best possible outcomes for seamless transition. ITO standards were used by 95% of secondary schools to support NCEA achievement by over 64,000 students in 2017.

MITO had the first micro-credentials for school students registered on the New Zealand Qualifications Framework in January 2019. In a very short time, we have seen a significant shift in the perception of the automotive trade as a valid career choice by secondary schools with over 200 students enrolled in the first couple of months of the 2019 school year.

“The ITO’s have produced achievable standards for students to gain credits towards NCEA. To lose this would be a travesty.”
Education

What the new system must have

Schools need quality training solutions and resources to enable students to meaningfully engage in programmes of study that link them to the world of work in their communities. These training solutions and assessment services need to align to relevant vocational educational qualifications to provide a seamless staircase to an apprenticeship or traineeship. Brokering the relationship between the school and industry should effectively address any issues around parity of esteem that have historically inhibited pathways into vocational training.

What our stakeholders have told us

“ITO’s, including MITO, are currently easily accessible for schools and their learners studying trades. Being local helps to support students looking for apprenticeships. It is well known in the workplace that many roles are still found from ‘who you know’. Being local supports this!” Education sector

“Secondary schools work very closely and positively with ITOs in programmes like Gateway. ITOs have developed targeted packages for students in and out of the workplace to develop skills, knowledge and qualifications through using these resources that connect them with industry and enable them to be on track towards apprenticeships. We don’t want to lose this vital connection with ITOs and the access to these successful and meaningful learning resources. **DON’T DISBAND THE ITOs!!!**” Education - Secondary school

Strong, individualised pastoral care

Why is this important?

MITO's success has been built on our reputation of accessibility and responsiveness. MITO's organisational structure lends itself to do this consistently through local, regional and national "touchpoints". This has been achieved with Industry Training Advisors resident in the communities that they serve; Regional Managers strategically positioned; and Corporate Managers responsible for developing strong relationships with large nationwide enterprises.

Comprehensive systems that monitor performance, progress, achievement, and study goals enable MITO to form and maintain close working relationships with learners and their employers and to work together to tailor pastoral care approaches to drive success. This close and direct working relationship allows additional support or resources to be provided as required. Key organisational objectives to support achievement include our responsiveness and literacy and numeracy strategies.

"MITO is a fantastic organisation. We are a small rural car dealership that takes on an apprentice every year whether we need one or not. I can hand on heart say that if it was not for our MITO rep over the years 25% or more would not have completed their apprenticeships. Many of these young kids struggle with the discipline of learning and the MITO reps are very much hands on coaches. I have an apprentice right now who would be on the unemployment benefit if it were not for the extra time and effort that the MITO rep has put into this young fellow qualifying." Motor vehicle industry

"The level of training and support received from MITO throughout my apprenticeship has been a major help in my learning and has given me the knowledge needed to excel in my career. All mentors I have had throughout my apprenticeship are knowledgeable and dedicated to helping apprentices achieve their goals." Light Automotive industry

What our stakeholders have told us

"Our industry would lose the personal one on one support that we are getting from our ITO." Road Transport industry

"The support and guidance from our ITO is excellent both for our students and employees. In the last 12 months I have taken on four apprentices with the knowledge of the current regime. Disestablishing these roles would be the biggest mistake you could possibly make." Agricultural Equipment Heavy Diesel industry

"Part of the success of MITO has been the mentoring of our apprentices supporting them through the highs and lows of apprenticeships." Agricultural Heavy Automotive industry

What the new system must have

A learner centric model couched within a commercial setting is challenging. Coaching requires a cyclical, ongoing interaction with an individual learner; in comparison to classroom teaching to a group of individuals. The capability to provide mentoring, coaching, facilitation and monitoring to both employers and learners in the workplace, and the capacity to do this with duty of care and individual focus is a valued skill.

Currently ITOs have this capability and capacity - and industry credibility - with the sectors they serve.

Flexible and innovative training solutions

Why is this important?

Our stakeholders need flexibility to ensure their training needs are met. Employers need confidence that whoever is designing their training solutions understand their imperatives and that arrangements for individual learners are able to be tailored to meet their needs.

Examples of this are the development of a qualifications framework for electric vehicle inspection, servicing and repair, co-funded by the Energy Efficiency and Conservation Authority (EECA); a partnership with the New Zealand Transport Agency (NZTA) to develop and supply heavy vehicle driver license training resources, and to develop and design a heavy vehicle inspection qualification and training programme; a partnership with the Log Transport Safety Council (LTSC) to develop an accreditation programme for log transport operators; a partnership with the Ports Industry Association to support their development of training solutions for the entire ports industry.

The success of the ITO model is in the ability to tailor training arrangements to suit individual employers and learners within the system. There is no one-size-fits all approach to industry training.

What our stakeholders have told us

“ITOs can implement immediate changes through their course material to benefit the apprentice in retaining new knowledge to keep them in permanent employment. Being able to gain further skills can be quickly achieved when course material and learning new skills is available in the work place.” Canvas Fabrication industry

“Continue variable learning options to accommodate learning styles.” Corporate

“Though there would be some efficiencies gained on making one organisation, I believe that having one large organisation will make it slow and clunky, and it will not be able to respond fast enough to changes across industry.” Quarrying sector

“All industries have different requirements and I believe that keeping the existing ITO’s relevant to each industry is in the best interests.”

Mechanical industry

“Through a collaborative approach of training, learning and assessment, together Ports Industry Association and MITO are making the ports and stevedoring industry a safe and attractive career.” Ports industry

What the new system must have

Qualifications associated with an occupation must be completed in a commercial workplace with an appropriate mix of on and off-job training. Delivery modes and assessment services must be able to be adaptable and tailored to meet individual employer and learner needs. The mix of on and off-job training must be flexible and negotiated with the enterprise. Learning and assessment opportunities must be available at any time.

Industry training cannot be semester-based, durations must be flexible, and training agreements must be able to be put on hold. Training agreements must be able to be transferred between employers.

Adapting to new and emerging technology requires agile responsiveness in a training system. The fewer parties involved in the system the more responsive it is likely to be, which is vital for a fit-for-purpose vocational education system catering for the changing needs of the New Zealand workforce.

Over 50 percent of the unit standard assessments carried out by MITO Registered Assessors and reported by MITO to NZQA in the 14 months to 28 February 2019ⁱⁱ were for learners not enrolled in a training agreement. This unit standard-based training and assessment activity is vital for our industries.ⁱⁱⁱ While these are not funded via the industry training fund, they are a critical service to our industries, and ongoing provision needs to be guaranteed.

Credit recognition and transfer (CRT) and recognition of prior learning (RPL) need to be available for learners in industry training. This includes learners not enrolled in qualifications.

RISKS FOR INDUSTRY IF REFORM GOES AHEAD AS PROPOSED

Employers will not engage in industry training, making skills shortages worse

Attempting to replicate the skills, knowledge, experience, and success factors of ITOs across to providers would mean radical change to the current training system. This would create huge uncertainty with potential reduction in participation, lowering overall engagement when most industries are suffering from acute skill shortages.

“Who will want to sign up to study a trade under an organisation without any personal service, and the nation will lose out on more tradespeople. There’s already a shortage! How will the new institute be structured so it can properly look after such a wide range of vocations? I’d like to see a plan.” Motor Vehicle Repair industry

“We constantly struggle to employ qualified technicians and at this point our only option is to train apprentices. There is no doubt this will disrupt the flow of high quality apprentices, at least in the short term. For our business and moreover the industry this will be incredibly crippling. MITO do an excellent job in working with us to train these people and in my opinion this needs to continue.” Agricultural Machinery industry

“We have a trades shortage in most fields and this can only make it a lot worse in the short term, and probably will never recover to how MITO are running it now. Sort out the techs and leave the ITOs (unless they are not performing).” Automotive Heavy Road Transport industry

“Legislating to the lowest denominator is a punishment for employers and trade apprentices, as without industry specific understanding, we will simply not bother to invest in apprenticeships at all!” Heavy Diesel Repair industry

“We currently have a large skill shortage in our industry and any disruptions that are seen to be onerous by some apprentices may cause them to surrender their apprenticeships. We currently have 5 apprentices, some of whom require regular encouragement to complete their training and any difficulties caused may have a detrimental effect on their studies.” Automotive Heavy Engineering - Road Transport industry

“If the changes take place there is a real chance it could become hard to deal with hence we may not take on as many apprentices.” Heavy Earthmoving Equipment industry

Small, niche industries will be disadvantaged

Many industries do not currently engage with the ITP sector at all. For these industries the fear is that the providers will not be willing or able to build capability and capacity to cater for niche and highly specialised industries, often with very small learner numbers.

"I feel that our trade would simply disappear or become too 'hard' to oversee for a polytech."
Coachbuilding industry

"I feel smaller industries such as canvas fabrication will not be given a voice." Canvas Fabrication industry

"Our automotive electrical industry is extremely specialised and it's paramount that we get trained by specialists not by trainers that have a base level understanding. The MITO training has been working in our industry for many years producing successful trained auto-electricians. Why change a system that is working?" Automotive Electrical industry

"The road transport and heavy haulage industry is very specialised in its training and assessment of driving staff and the industry risks losing trainers and assessors with specific industry knowledge that will be extremely hard to replicate." Heavy Haulage Road Transport industry

"The ITO's are in tune and respond to small employers and industry. We need to keep it that way." Agricultural Machinery industry

Successful systems and processes will be lost

MITO's customer value proposition has evolved over the past 25 years. Our systems have been refined and improved to ensure a seamless customer service experience with sophisticated mechanisms providing "real time" reports to our learners and employers. Recreating these systems could be fraught with issues and problems. Customer satisfaction surveys are consistently positive with 96% of our employers stating last year that they were satisfied with the overall service they receive from MITO; and 94% of employers likely to recommend a MITO training programme. Our educational performance indicators highlight our value and effectiveness.

"It's taken a lot of time and hard work by the ITOs to get such a stable educational platform in place that produces workers of such a high standard. Transferring them to the national institution would dilute the quality we currently enjoy." Automotive industry

"MITO have been a very good ITO delivering good outcomes to the automotive industry. The 25 years of experience and the development of systems and people cannot be replaced easily." Automotive industry

“MITO is providing all their services and skills to the motor trade, they are keeping pace with changes in the industry. Their system for apprentices works exceptionally well, they are dependable, efficient and experienced in this field and their results show it. They have a proven history, their systems work, their fees are affordable so leave MITO to do their job because they are good at it. Proposed reforms sound like threats to bring industry training and MITO to its knees to be replaced by reforms that have no proven history, can they deliver like the system we already have and will it be affordable - all these are unknowns!! We have been in business since 1985 and have employed a new apprentice just about every year since, so we do have the experience to comment.” Motor industry

“Other ITO’s could learn a lot from the MITO customer focus model.” Automotive industry

“This feels like a step back. We currently have a good apprenticeship program with MITO that has been years in the making it is not perfect but bloody close and industry has a good line of communication with MITO to continue to improve.” Automotive Collision Repair and Refinish industry

COUNTER-PROPOSAL

This counter-proposal retains and builds on the strengths of the current system and incorporates elements of the three proposals where there may be value in doing so.

Therefore, MITO recommends the following:

1. **Create a unified vocational education funding system.** In doing so, clarify the roles of those within the system to remove overlap and encourage collaboration. The revised funding model needs to accommodate the costs of training across the sector, allowing for variations in different industries and modes of delivery. Funding should be more closely connected to skills shortages. Funding should also include an employer incentive scheme to encourage participation. This should be a high priority of the reform.
2. **Consolidate (or reconfigure) the Institutes of Technology and Polytechnics** with urgency to provide off-job training provision for the vocational education system, but not to provide or support workplace learning and assessment for work-based vocational education.
3. **Extend the leadership role of industry and employers** across all vocational education, including provider-based vocational education, by expanding the role of Industry Training Organisations. Do not separate arranging training from standard-setting. Support all vocational skill areas by amending ITO coverage through industry-led application for recognition.

Industry Training Organisations' (alternatively ISBs) legislated roles need to include:

- a. **Provide skills leadership, co-ordinating industry efforts to identify and address future skills needs.**

Why? Industry-led co-ordination across government, industry peak bodies, iwi, unions and providers will ensure a vocational education system that meets the needs of industry.

- b. **Provide advice to employers on workforce development, training options, career pathways and preparing for future skill needs.**

Why? One source of truth for industry. Bringing education, technological advancements and workforce development strategies closer together is critical for increased levels of skills to be used effectively in the economy.

- c. **Promote educational and career pathways within individual sectors.**

Why? Effectively broker school to work transitions and upskilling opportunities and address parity of esteem issues.

- d. **Develop skills standards, qualifications and programmes.**

Why? Industry training is designed and driven by industry and concentrates on learning that raises skills. Programme development is part of the qualification development process and the key tasks of each are interlinked. Specification of the programme will ensure national consistency. Programmes would be fit-for-purpose and meet the needs of industry. Providers input into programme development would be from a teaching perspective.

- e. **Uphold the quality of assessment.**

Why? Requirements for granting consent to assess for providers to deliver programmes and assess against standards, and the moderation process are industry-specific.

- f. Develop learning and assessment resources for programmes that providers must use. Would include resources for training and assessment against individual unit standards where there is a need.

Why? Learning and assessment resources should be developed in parallel with programme development to ensure a cohesive learning package that is designed by, and meets the needs of, industry and is nationally consistent. Moderation activity would consequently be reduced. Providers would develop and maintain their own curricula and teaching resources.

- g. Purchase training and provide pastoral care services to learners in industry training.

Why? An industry-specific, learner-centric model with overall duty of care will ensure learning outcomes are achieved and enterprises fully supported with their workforce development aspirations. Brokerage services and ongoing personalised support are critical success factors.

Industry, and the aspirations of individual learners, must remain the focus of the vocational education system. We believe that this counter-proposal will deliver the Minister's aspirations of a unified, co-ordinated, national system of vocational education and training in New Zealand.

NEXT STEPS

We appreciate the opportunity to submit the views of our stakeholders on the RoVE proposals, and offer our counter-proposal.

We believe that a realistic timeframe must be taken to design a new system, and a considered and staged approach to any changes must be built in to the reforms. We urge the government to create a unified vocational education funding system and consolidate the ITP sector before considering any changes whatsoever to the ITOs.

We also consider that risk-mitigation is needed throughout this period of change. Recognising that disruption is likely to cause a slow-down of businesses that are willing to commit to training and fewer people choosing apprenticeship training due to uncertainty, we would like the government to incentivise employers to engage in industry training, starting immediately.

Our stakeholders consider it crucial that a strong industry voice with ongoing and open dialogue is maintained throughout the establishment of any changes. We are committed to supporting the government in refining the solution.

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i Summary of Consultation Outcomes. Automotive Public Release - version 3.0. January 2019. PWC's Skills for Australia. <https://s3-ap-southeast-2.amazonaws.com/pwcau.prod.s4aproduct.assets/wp-content/uploads/20190204133455/Automotive-RR-v3.0-Public-Release.pdf>

ii MITO CRM. Assessment data extracted 13/03/2019

iii The mining, quarrying and tunnelling sector need access to unit standard based training and assessment for the requirements to be met for the granting of certificates of competence prescribed under the Health and Safety at Work (Mining Operations and Quarrying Operations) Regulations 2016.

The gas industry need access to unit standard based training and assessment for the requirements to be met for the granting of certificates of competence prescribed by the Gas Association of New Zealand. Based on the Energy Safety Review Bill, these have been formally adopted by the industry as the minimum requirements for those working in the Distribution and Gas Measurement System (GMS) sectors.

The commercial road transport industry need access to unit standard based training and assessment to meet the Transport Agency driver licensing requirements for classes 2, 3, 4, 5, and P, V, and D endorsements.

Driving instructors need access to unit standard based training and assessment to meet the needs of both corporate companies and government departments who require training to ensure their staff are safe to operate vehicles off-road when carrying out their workplace tasks. Clients include local and regional councils, the Department of Conservation, Ministry for Primary Industries, Fire and Emergency New Zealand, surveyors, hydro workers and contractors involved in pest control and parks & reserves.