

# DELIVERING VALUE

The contribution of  
ITOs to NZ vocational  
education and training



“

**We didn't have much money, so  
we had to think.**

”

**Ernest Rutherford**

The Industry Training Federation, through New Zealand's 39 Industry Training Organisations (ITOs), represents the collective voice of sectors' and industries' vocational education and training needs.

For more information about ITOs and industry training, including contact details for all ITOs, see [www.itf.org.nz](http://www.itf.org.nz).

## ITOs and industry training

Industry training is workplace related learning linked to national industry skill needs.

Every year around 190,000 people are involved in industry training. Industry training has grown from around 16,000 people in 1992, and is now a key part of New Zealand's vocational education and training system, covering 78% of the workforce.<sup>1</sup>

Around 35,000 businesses and organisations of all sizes are involved in industry training, working with 39 Industry Training Organisations (ITOs). Industry training also involves a large number of education and training providers, including polytechnics and private training establishments (PTEs).<sup>2</sup>

ITOs are established by industries, and recognised by government, and receive funding from both.

Industry training covers both the traditional trades and many other areas across the economy in the primary industries, manufacturing, infrastructure, construction, services and retail, and government and community services sectors.<sup>3</sup>

## ITOs and vocational education and training

ITOs play an important role in industry-related vocational education and training in New Zealand. Vocational education and training includes aspects of senior secondary education, as well as a substantial element of tertiary education and training. It also involves a great deal of ongoing professional development and training within the workforce.

ITOs, on behalf of their industries, are concerned with the full range of industry-related vocational education and training. Each year over 200,000 secondary and tertiary students use ITO-developed industry skill standards and qualifications.

## The role of ITOs

ITOs' most important role is to connect the skill needs of industry and the labour market with the vocational education and training system. ITOs:

- **provide information about industry skill demand** – to increase the real power of students, employers and industry, and to inform providers.
- **define national skill standards and qualifications required by industry** – ensuring the value and relevance of investment in education and training.
- **broker training to meet the needs of employees in industry** – linking individual workplace learning to national industry skill needs.

## **ITOs deliver value**

New Zealand ITOs generate significant value for the individuals involved, for employers and industries, and for taxpayers, now and in the future.

ITOs develop and maintain over 17,000 national standards and 1,000 national qualifications which are used across the vocational education and training system, from secondary education to tertiary providers, as well as in industry training.

## **Delivering value for individuals**

### *Improving participation in formal workplace learning*

- ITOs have grown participation in industry training from 16,000 people in 1992 to more than 190,000 in 2009.
- 17% of industry trainees are Maori and 7% are people from Pacific Island backgrounds; 12.4% of the workforce are Maori, 4.9% are Pacific peoples.

### *Literacy and numeracy gains through industry training*

- Each year ITOs help over 6,000 trainees to lift their literacy and numeracy skills, which supports learning and enables better workplace productivity.<sup>4</sup>

### *Achievement of industry skill standards*

- More than 3.7 million credits of national skill standards are gained each year in industry training, an average of 20 credits per trainee per year. The average industry trainee gains 53 credits across their full programme.
- Over 300,000 industry skill standards and 1.2 million credits are gained each year by more than 55,000 secondary students, which contribute to the National Certificate in Educational Achievement (NCEA) and other qualifications.
- Over 900,000 industry skill standards and 4.2 million credits are gained each year by more than 150,000 students enrolled with tertiary education providers.

### *Achievement of national qualifications*

- Around 35,000 national qualifications are gained each year through industry training. Industry trainees have a five-year qualifications completion rate (37%)<sup>5</sup> equivalent to those engaged in equivalent provider-based programmes.
- Each year more than 13,000 industry-developed national qualifications are gained by students enrolled with tertiary education providers.

### *Measurable gains in employment security and wage growth*

- Industry training provides measurable gains for those involved through improved employment security and increased wages.<sup>6</sup>

### *Earn while you learn model of industry training*

- Industry trainees are not burdened by high fees and student loans, because they are able to earn while they learn.

## Delivering value for firms and industry

New Zealand ITOs work with over 35,000 firms and organisations each year, across nearly 80% of NZ industry and sectors.

### *Tackling skill gaps and shortages*

- ITOs ensure the relevance of training to firms and industries by working with industry to set clear skill standards and qualifications which meet real needs.
- ITOs help firms and organisations develop and retain their existing employees.

### *Productivity gains*

- ITOs assist individuals and firms to lift their productivity, both by raising skill levels and integrating those skill gains with firm or organisational needs.<sup>7</sup>
- ITOs also assist overall industry productivity by ensuring a focus on the key skills which lift industry performance.

### *Workforce development*

- ITOs help sectors and industries attract and retain workers by promoting the wide range of work and career opportunities available.
- ITOs also help industries and sectors tackle complex workforce issues, including helping them define and develop clear career pathways.

## Delivering value for taxpayers

### *Ensuring relevance*

- ITOs help ensure the relevance of vocational education and training by developing fit for purpose national standards and qualifications.

### *Creating pathways*

- The qualifications and standards developed by ITOs establish clear learning and career pathways from secondary education, through tertiary education and training, and into work.

### *Good return on investment*

- For an average investment of \$1,000 per trainee per year, ITOs deliver an average of 20 credits per trainee of industry-relevant skill gain. Costs for other forms of training are around three to four times as high.
- New Zealand ITOs arrange training with less than one third of the investment in equivalent programmes in Australia.
- The average cost to taxpayers of each qualification completion arranged by an ITO is \$5,600. This compares favourably with the average cost per qualification completion at polytechnics and private providers of more than \$20,000.<sup>8</sup>
- Industry training doesn't add to the burden of the student loan scheme, which costs taxpayers over \$800 million a year. Of each dollar lent, 47c is written off.

## How can ITOs deliver greater value?

New Zealand ITOs already deliver significant value for the investment made in them by individuals, industry and taxpayers – but we believe we can do even better, both with the resources we already have, and with marginal additional investments.

We also believe we can do more to leverage the value of investments made in other areas, particularly the value of investments in other forms of education and training, including the senior secondary system and tertiary education providers.

ITOs are already taking action in some of these areas now, but some require government to address policy, regulatory and funding barriers.

### *Working with schools and school students*

- Supporting the connection of schools with industry and sectors.
- Supporting secondary students' transitions to tertiary study and work, including providing information about study and work options.
- Developing qualifications that provide vocational education and training pathways for secondary students.
- Developing customised programmes and resources for secondary students, and expanding existing programmes.

### *Working with tertiary education providers and students*

- Assisting tertiary education providers to connect with industry.
- Helping tertiary education providers to identify areas of under-provision, or facilitating collaborative provision where only small numbers of key skills are required.
- Tackling areas where there is over-provision, by providing information to providers and students.
- Enabling pathways for learners in vocational education and training, by providing qualifications and standards that build progression.
- Developing customised programmes and resources for tertiary providers.
- Playing a greater role in accreditation and quality assurance of vocational education and training providers and programmes.

### *Working with employers, organisations and firms*

- Further integrating national industry skill standards with in-house training, so that the benefits of training are more easily realised.
- Helping employers and employees to make better use of the skills they gain through vocational education and training, by linking skill development to business improvement.<sup>9</sup>

- Addressing supervisory and managerial skills issues, so that the full benefit of other skills training is gained.
- Connecting employers engaged in training to services to improve their business and productivity.

### *Working with sectors and industry*

- Improving industry knowledge of skills and workforce issues, so that industries can better plan to deal with skills and workforce challenges.<sup>10</sup>
- Helping sectors and industries address long-term workforce issues, such as workforce ageing, and changing demographics.
- Enabling industry development by ensuring workforce skills and capabilities keep up with advances in technology and practice.

### *Working with government agencies*

- Improving access to work for the unemployed, by brokering training opportunities that lead to jobs, and supporting transitions into work and further training.
- Assisting government agencies to better connect with industry and sectors on skills and workforce issues.
- Improving government's knowledge of sector and industry skills issues, including information for immigration purposes.

### *References and further information*

1. Matching Supply and Demand - Industry-led Vocational Education and Training (Industry Training Federation, 2009).
2. See the Vocational Education and Training Information Tool (VET IT), available from [www.itf.org.nz](http://www.itf.org.nz), for details of these and many other statistics referred to in this document.
3. See Industry Training At Work (Industry Training Federation, 2009), for examples of the work of ITOs.
4. For details of the work of ITOs on literacy and numeracy, see [www.itf.org.nz](http://www.itf.org.nz).
5. Industry Training – Exploring the Data (Ministry of Education, 2009).
6. Does Workplace-based Industry Training Improve Earnings? (Statistics NZ and Department of Labour, 2009).
7. The Skills-Productivity Nexus: Connecting Industry Training and Business Performance (Department of Labour and Industry Training Federation, 2008).
8. Review of Costs per Completion Calculations (BERL, 2010).
9. Building Business Productivity - Lessons for Industry Training Organisations (Department of Labour and Industry Training Federation, 2009).
10. Industry Profiles Tool (Industry Training Federation, December 2009) - updated regularly.

For copies of these publications and tools, contact the Industry Training Federation - [www.itf.org.nz](http://www.itf.org.nz).

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