

### What is industry training?

Industry training is **learning** and **skill development** linked to the needs of workers, workplaces and industry.

There are around **180,000 people** involved in industry skill development and workplace learning every year. This is about a quarter of all people involved in tertiary education (all learning after school). Industry training has grown from around 16,000 people in 1992.

Around **35,000 businesses and organisations** of all sizes are involved in industry skill development, working with 40 industry training organisations and a large number of education and training providers, including polytechnics and private training establishments (PTEs).

Industry training (skill development and workplace learning) covers both the traditional trades, but also many new areas, in the services, primary industries, manufacturing, retail and government / community services sectors.

Industry skill development and workplace learning are organised by **Industry Training Organisations (ITOs)**. ITOs are set up by industries, and recognised by government, and receive funding from both industry and government.

### What do ITOs do?

Industry Training Organisations (ITOs):

- set national skill standards and develop qualifications for their industry
- provide information and advice to trainees and their employers
- develop appropriate education and training arrangements for their industry
- arrange training that is appropriate for their industry
- arrange for the assessment of trainees
- monitor of education and training quality
- provide leadership on behalf of industry on skill and training needs.

### What are the benefits of industry training?

Industry skill development and workplace learning is highly cost effective, for employers, for workers and for the country:

- for **employers** - government provides support for industry skill development that is relevant to the needs of firms and industry, and that leads to qualifications and standards set by industry.
- for **workers and learners**: workplace learning enables you to develop your skills and career in meaningful and productive ways. Learning while you work means you don't have to borrow in order to study, and you can continue to earn an income while you learn.
- for **the country**: employers and government share the cost, so industry skill development not only means we are addressing skill shortages, but it is a good use of taxpayer dollars. Government invests about \$800 per trainee, considerably less than other forms of training.

New Zealand taxpayers invest over \$4 billion per annum in developing skills and capability.

In Budget 2007/08, the Industry Training Fund was \$155 million of this total (GST exclusive). This is 4% of total tertiary education expenditure. There is a further \$45 million allocated to Modern Apprenticeships. With this resource, ITOs provided services to around 180,000 workers and 35,000 businesses.

### Where the money goes

Sectors (all data for 2006 <sup>1</sup> )	No of NZ Learners & EFTS / STMs <sup>2</sup>	Total Direct Expenditure <sup>3</sup>	\$ per learner & EFTS/STM
Industry Training Organisations (ITOs)	176,064 learners (27% of learners) 54,890 STMs	\$147 million (7%)	\$835 per learner \$2,678 per STM <sup>4</sup>
Private Training Establishments (PTEs) and others	72,840 learners (11% of learners) 37,105 EFTS	\$151 million (7%)	\$2,073 per learner \$4,070 per EFTS
Institutes of Technology & Polytechnics (ITPs)	204,627 learners (32% of learners) 69,810 EFTS	\$544 million (26%)	\$2,659 per learner \$7,793 per EFTS
Wananga	48,842 learners (8% of learners) 23,676 EFTS	\$149 million (7%)	\$3,051 per learner \$6,293 per EFTS
Universities	146,342 learners (23% of learners) 107,447 EFTS	\$1,098 million (53%)	\$7,503 per learner \$10,219 per EFTS
<b>Totals &amp; Averages</b>	648,715 learners 293,018 EFTS/STMs	\$2.09 billion	\$3,222 per learner \$7,133 per EFTS/ STM

A further **\$2 billion** is spent on other targeted programmes, adult & community education, and student loans and allowances.

Industry trainees do not access student loans and allowances, further improving the value for money delivered to the taxpayer through industry training.

<sup>1</sup> 2006 is the most recent year where comparative financial and participation is easily data is available on a calendar year across all sectors.

<sup>2</sup> ITO data taken from information supplied by the TEC. Provider data taken from Ministry of Education, n.d., *Provider-Based Enrolments*, [http://www.educationcounts.govt.nz/statistics/tertiary\\_education/participation](http://www.educationcounts.govt.nz/statistics/tertiary_education/participation), downloaded 18/04/2008, and includes only domestic New Zealand students.

<sup>3</sup> Note that this only includes tuition subsidies (EFTS and STMs (Standard Training Measures)) and PBRF (research) funding. ITO data taken from information supplied by the TEC. Provider data taken from Ministry of Education, 2007, *Profiles and Trends 2006*, Wellington: Ministry of Education. All figures rounded to nearest million (other than total, which is rounded to nearest billion).

<sup>4</sup> The real \$/STM is lower than the STM funding rate, as most ITOs achieve considerably more STMs than funded for.

Industry training and ITOs provide services to over 35,000 enterprises and 180,000 people every year. This factsheet sets out the relative achievement of industry training services compared to other relevant tertiary education delivery.

	Industry Training	Polytechnics	PTEs
Number of students/trainees (2006)	176,064	214,394	80,432
Completed qualifications (2006)	35,055	41,057	24,387
Total NQF credits attained (2006)	3,838,936	<p><i>Unknown</i> (Providers are <i>not</i> required to use national standards or qualifications, or grant partial credit to learners. Using national standards enables ongoing progression and more precise skill recognition.)</p>	
Average number of credits attained per student/trainee (2006)	<b>22 credits</b>		
Average number of credits achieved per 'exiting' student/trainee over the period 2001 to 2006	<b>53 credits</b>		
Programme 'exits' with credit (2001-2006)	212,326		
Total distinct learners (2001-2006)	232,002		
Percentage of learners 'exits' with credit (2001-2006)	<b>92%</b>		
First-year attrition rate (2005)	n/a	<b>42%</b>	<b>40%</b>
Ratio of qualifications completions to learners (2006)	20%	19%	30%
Direct government expenditure per learner (2006) <sup>1</sup>	<b>\$835</b>	<b>\$2,659</b>	<b>\$2,073</b>

A National Certificate has a minimum requirement of **40 credits**.

92% of industry trainees from 2001-2006 exited their training programme with an average of **53 credits**.

The nature of industry training and the National Qualifications Framework (NQF) enables these learners to build on this achievement, either within industry training, or through programmes offered by other organisations.

<sup>1</sup> Furthermore, industry trainees do not access student loans and allowances.

Data sourced from official tertiary education statistics at Education Counts (<http://www.educationcounts.govt.nz>) and from Ministry of Education analysis of Industry Training Data.

Industry training and apprenticeships are integrally connected.

The industry training system and Industry Training Organisations (ITOs) took over from the vocational training system in 1992, when there were approximately 16,000 apprentices in training. Most of these were younger people engaged in traditional trades training.

Since that time the number of people involved in formal workplace learning linked to national qualifications (i.e. industry training) has increased to **180,000 people** each year, at over 35,000 businesses.

A significant element of this growth has been in areas where there hasn't been a tradition of 'apprenticeships', and in training for older workers. Ongoing training of older (and middle-aged) workers is a critical element in meeting New Zealand's skill needs.

But workplace training for younger workers has continued to grow and develop as part of industry training, both in the traditional trades, but also in many new areas.

Today there are around **35,000 people** aged 16 to 21 involved in industry training every year.

In 2006, the age ranges of people involved in industry training were:

21 and younger	19%
22 to 24	11%
25 to 29	13%
30 to 39	23%
40 and older	34%

### Modern Apprenticeships

In 2001 the 'modern apprenticeship' programme was introduced.

This programme provides additional support for a number of young workers through a system of 'modern apprenticeship co-ordinators'. About a third of industry trainees aged 16-21 are 'modern apprentices'.

All 'modern apprentices' are also industry trainees, but not all 'modern apprenticeship co-ordinators' are ITOs - some are trusts and regional providers.

Modern apprenticeships are available in a selected number of industries. For further information on modern apprenticeships see:

<http://www.modern-apprenticeships.govt.nz>

Industry training plays an increasingly important role in improving workplace productivity, as well as improving the skill levels of the workforce. ITOs work with over 35,000 enterprises and 180,000 individuals each year. The work of ITOs contributes to improving productivity in a number of ways:

- **indirectly** – through lifting the skill level of the workforce, and providing better recognition of those skills through national standards and qualifications; and
- **directly** – through working with employers and workers to improve the use that is made of skills.

### Indirect impacts

Between 2001 and 2006, over 210,000 successfully people completed industry training programmes, gaining an average of 53 credits on the National Qualifications Framework (NQF), for a cost of around \$800 per trainee.

Research by the NZ Institute of Economic Research (NZIER) in 2004 identified that, based on econometric analysis, the recipients of industry training were likely to be between 5 and 20 percent more productive after industry training than before.<sup>1</sup>

### Direct impacts

More recently, as skill shortages have become endemic, employers have been seeking more direct assistance from ITOs on how best to make use of the skills of their workforce.

International research<sup>2</sup> has identified that only 20% of the potential value of training is generally put to use, because most of the focus goes on the training event, and insufficient attention is played to preparation, motivation and follow-up. Further research<sup>3</sup> (which included a number of NZ enterprises) has suggested that workplace learning linked to clear certification (i.e. industry training) is more effective in resulting in actual productivity gains.

Recent work by a number of ITOs<sup>4</sup> has identified significant potential to increase the direct benefits to employers and workers from industry training by focussing not only on the quality of training and learning, but on the preparation for learning, and on the way the workplace explicitly takes what has been learnt into account and makes changes to take advantage of this.

ITOs and industry are continuing to work together to identify how best to get the most out of the investment by industry, employers, government and workers in industry training.

<sup>1</sup> *Industry training and productivity – a literature review*, NZIER, October 2004.

<sup>2</sup> See Zenger, Folkman and Sherwin, *The Promise of Phase 3*, Training & Development, January 2005; and Brinkerhoff, *Telling Training's Story* (Berrett-Koehler, 2006).

<sup>3</sup> Douglas Watt, *SMEs Rise to the Learning Challenge - Global Perspectives of Effective Workplace Learning Practices in Small and Medium-sized Enterprises* (Conference Board of Canada, 2008).

<sup>4</sup> See *The Skills-Productivity Nexus: Connecting Industry Training and Business Performance* (Department of Labour & the Industry Training Federation, 2008).