

# Creating Real Futures Together

New Zealand's Industry Training  
& Apprenticeship System



**Ruma Karaitiana**  
BCITO

"Employers are the largest training institution in New Zealand. I've been in this role for 10.5 years and I've never been bored. We have 200 staff, and we deal with 4,500 employers and 9,000 apprentices. Part of the joy of this job is getting out there amongst these people and connecting."

**Fiona Kingsford**  
Competenz

It's a really exciting time to be leading an ITO. There is a real need for diversity – gender, age, ethnic and cultural – and it's time to see a range of new approaches to ensure we are keeping pace with our industries. We cover 37 sectors and the innovation and change just blows you away. I love getting out with our customers and engaging with so many talented people doing some truly amazing things."



**Helmut Modlik**  
Connexis

"What a stunning pleasure it has been to enter the industry training world. I could not be happier. The people who are actually doing the work in all of the firms around the land, they are the people who will be learning and doing what is needed for the future of this country."

**Mark Jeffries**  
Primary ITO

"We have 14 industry partnership groups and they work hard to connect with industry and provide a better, more relevant service. We're one of the larger ITOs with over 200 staff and 85 vehicles on the road – we cover many different sectors including farming, dairy farming, food processing, wool, kiwifruit and avocado. My role is to build the trust and confidence of the people around me, build a good reputation within industry, and make sure we follow through with an excellent service. The Primary ITO team are passionate about making a difference to peoples' lives, and that's what they do every day."



**Grant Davidson**  
Skills Active

"Our values are around the wellness of the community. We have a passion for what we do, giving back to the people and enriching their lives."

**Janet Lane**  
MITO

"Changing lives and inspiring futures is what drives us – every day there is something to celebrate!"







**Ray Lind**

Careerforce

"I'm determined to help second-chance learners and school leavers, who haven't followed an academic path, to live interesting and satisfying lives. I'm determined to enable and empower these workers who, in turn, make an enormous difference to population health outcomes and community wellbeing."

**Dean Minchington**

Service IQ

"ITOs are the nexus between the system and its users. ITOs are best positioned to advise on the volume and model of training for industry and skills and knowledge requirements. We are in the best position to lead NZ Inc into the future."



**Garry Fissenden**

The Skills Organisation

"We sit between government, industry and education, and we spend our life in that space – translating, brokering and connecting. We can add a lot more value to the whole education process, and we need to get out there and show we're here to support our industries and make a difference."

**Chris van der Hor**

NZMAC ITO

"As a Chief Executive, I directly look after three companies and personally manage 12 apprentices. It's important to stay in touch with what we do. We see a hunger for life-long learning all around us. When I attend graduations, these impressive young people come through and they want to keep learning, and they've turned into these fantastic, highly skilled people and that's what it's about. We build people for the future. We build bloody good New Zealanders, and that's the best thing about this job."



**Erica Cumming**

HITO

"Seeing hairdressing, barbering and beauty make their mark as respected qualifications with an equal place at the table with all trades-based qualifications. And seeing those young people when they are awarded Apprentice of the Year – being able to connect to that moment – and knowing you have somehow had some influence in that person's career."







# Minister's Message.

It is with great pleasure that I congratulate the Industry Training Federation on its 20th anniversary. The sector has made significant progress over the last five years in improving its performance and contribution to the New Zealand economy.

Previously, less than a third of trainees achieved a qualification five years after starting their industry training programme. Between 2000 and 2010, an average of 53% of industry trainees and 36% of Modern Apprentices achieved no credits even though they attracted a government subsidy.

The Industry Training Review in 2011 identified a number of improvements to support employees to gain industry-relevant qualifications.

The consolidation of the sector from 39 down to 11 ITOs has resulted in larger organisations delivering better services for trainees and employers. The direct funding scheme now provides employers with alternative options where an ITO does not meet employers' specific needs.

The funding system has moved from being based on inputs to being more focused on results: in 2014, the credit completion rate for apprentices was 88 per cent, compared with 72 per cent in 2009. The number of new starts for apprenticeships in carpentry, plumbing and electrical engineering were at the highest levels in nearly a decade.

The changes made have boosted system performance for employers and trainees, increased the profile and quality of apprenticeships, and built greater links between government, industry training organisations and the industries they serve.

While there remains more work to do to lift performance further, these results show that the redesigned system is

responding well to the needs of employers and workers. Embedding literacy and numeracy has played an important part in this, and we are seeing these gains in the recently released PIAAC results.

The increase in industry training through Budget 2016 reflects Government's confidence in the sector's capability to continue improving performance and contributing to a faster-growing, more competitive economy. The importance of workplace learning is only going to increase, as people change careers more often, and need to up skill throughout their working life.

I also want to recognise the leadership which the sector has shown in the establishment and promotion of Vocational Pathways to guide young people in making informed career choices and demonstrating how their skills relate to the world of work.

Improving skills is a key part of the Government's agenda for lifting New Zealand's economic growth, and vocational training plays an important role in this. I look forward to seeing the contribution of the industry training sector continue to grow.

**Hon Steven Joyce**  
Minister for Tertiary Education,  
Skills and Employment





**1980s.**

There must be  
a better way

**1990.**

A Promise

**1992.**

A New Beginning

**1996.**

A New Collective

**2000s.**

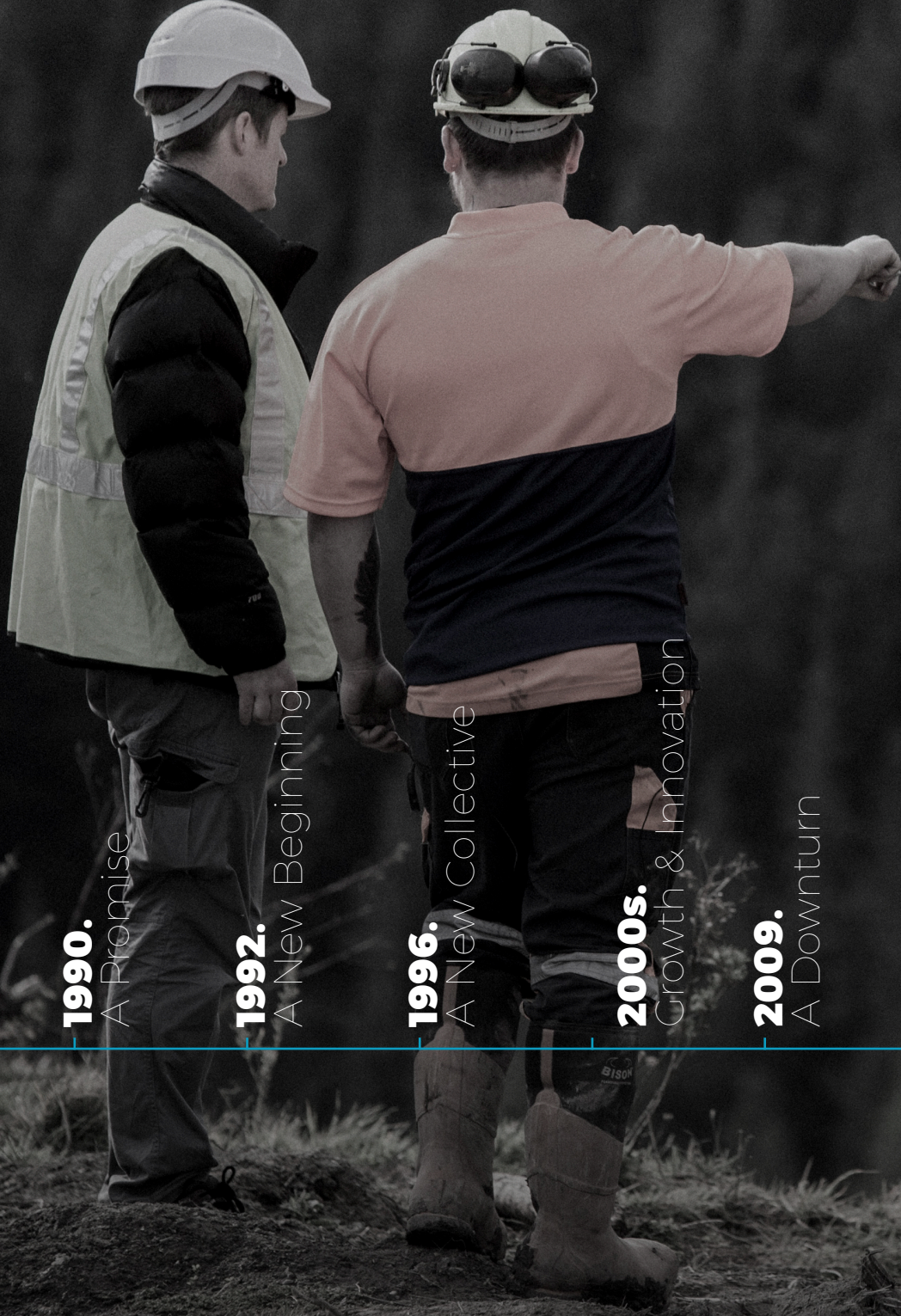
Growth & Innovation

**2009.**

A Downturn

**2012.**

A Review





**2013.**

A Renaissance

**2016.**

Today

**Beyond 2016.**

Creating Real Futures Together

## Dedication

This history is dedicated to employers who give back to their industries, communities, and our economy. Employers who pass down craft and knowledge through generations. Employers who give a young person, or an older person, a chance. Employers who give people a new and successful form of education. Employers who take on trainees and apprentices. And of course to our trainees and apprentices.





*Left to right: Kim Ulberg, Carol Jones, Geraldine Woods*



# 1980s. There must be a better way.

At the ripe old age of 21, Kim Ulberg was Deputy Commissioner of Apprenticeships, working with the regional Apprenticeship Boards at the old Department of Labour.

Part of Kim's job involved going on to worksites to tell apprentices that the boss wasn't happy, and he was going to have to dock their pay. Kim suspects they sent "a young fulla along with a couple of crusties" to help deliver these messages because he was only a few years older and could relate better to the apprentices.

Having your pay docked was just one of a bunch of tough pills to swallow at the time. The mid to late 1980s were tumultuous times of economic reform. Large, highly unionised, government-owned workforces took a hit – and so did apprentices. Unemployment was skyrocketing, industrial relations were strained, and industrial action common. But Kim recalls that people would willingly put down their picket signs to discuss apprentices. It was the one subject bosses and workers could talk about with some civility.

All sides knew that apprenticeships were the future of these industries.

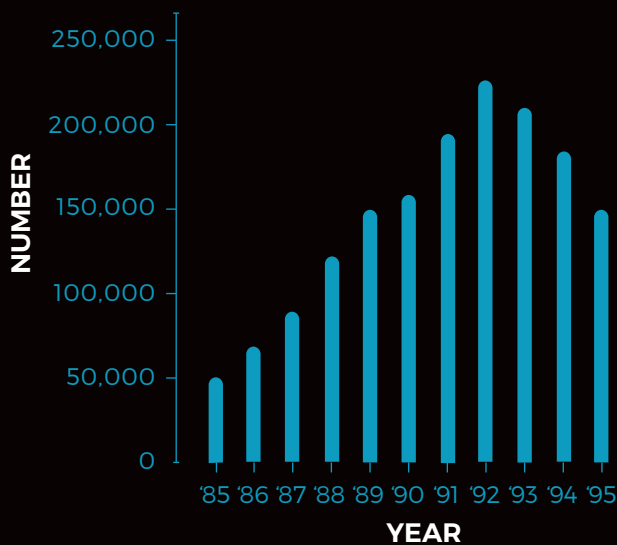
Kim also had the job of signing off certificates of completion – printed on flimsy green paper, and posted in the mail. "I remember thinking 'is that it?' All those hours, all those skills, and that's what you got."

After 40 years working in and around industry training, Kim is still occasionally called upon to dig out someone's completion certificate from the archives at the Tertiary Education Commission (TEC), where he works. Some of the names are famous – a decent bunch of the 1987 All Blacks were apprentices, signed with considerable pride by Kim.

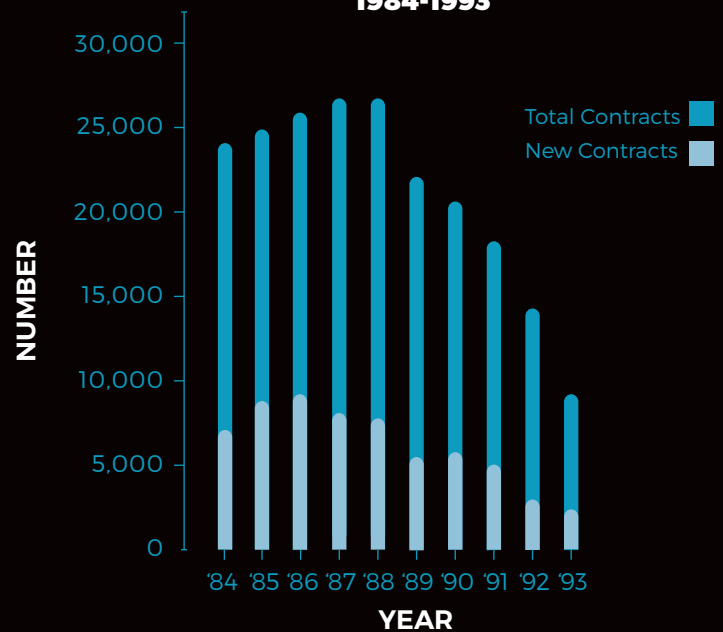
Kim does recall thinking "there must be a better way." This account retraces the steps towards a better way.

Over the last 25 years, New Zealand's best-kept education secret is an industry-led system of work-based learning and apprenticeships. Our story traces its development, introduction, rapid growth, speed wobbles, downturns, reviews, reconfiguration, and renaissance.

**Monthly Average Unemployed<sup>1</sup>  
1985-1995**



**Apprenticeship Numbers<sup>2</sup>  
1984-1993**



## Origins

We'd come a long way since the very beginning. New Zealand introduced legislation covering apprenticeships in 1865. Modelled largely from the British system, a child over the age of 12 could be indentured – housed and fed in exchange for learning a trade, and bonded to their employer for the duration of their apprenticeship, up to five years.

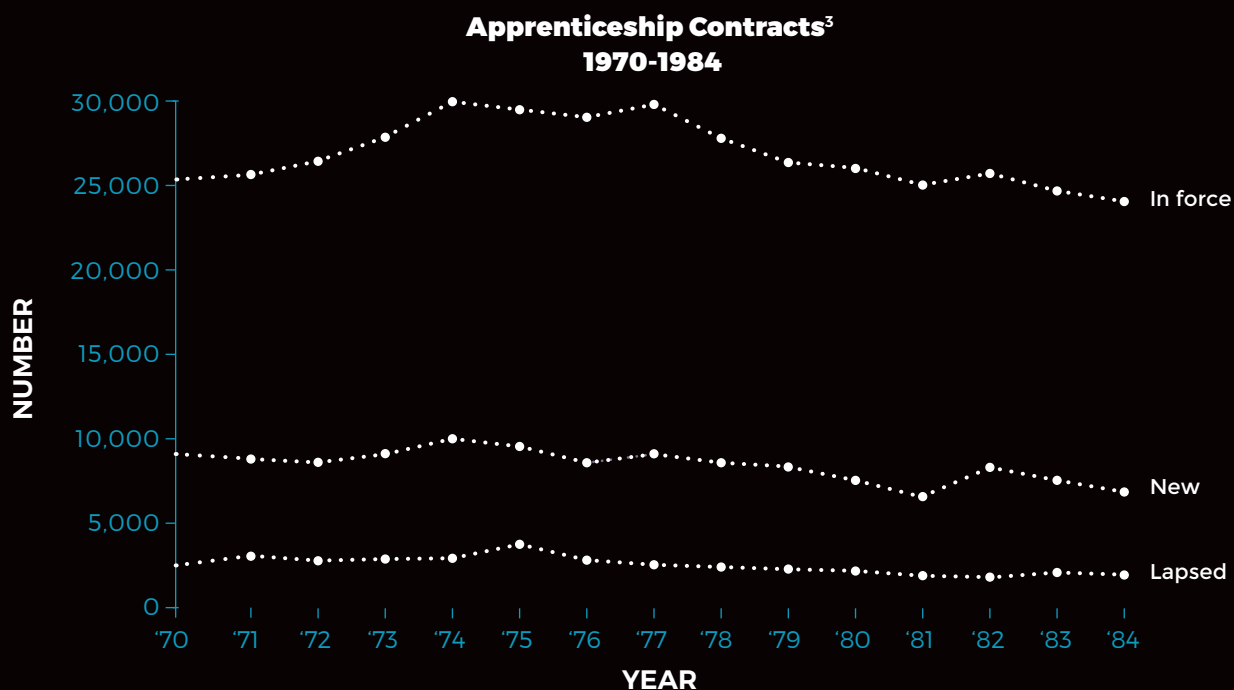
That first Act focuses largely on outlining the various punishments and constraints associated with indenture, including up to three days solitary confinement for apprentices for disobedience or ill-behaviour. Interestingly, they did anticipate female apprentices, even if only to stipulate that young women and children under the age of 14 were to be spared from solitary confinement.

District committees were set up to administer apprenticeships following a new Act in 1923. And an inquiry after the Second World War led to a number of recommendations and a new Act in 1946. While the system had evolved over time, time-based apprenticeships administered by regional committees remained right up until the late 80s. Apprentice numbers throughout the 70s and first half of the 80s remained relatively stable (between 25,000 and 30,000 contracts), before sliding dramatically in the second half of the 80s (down to 16,000 by 1990) as unemployment rose sharply.

As the New Zealand economy had gone through radical change through the second half of the 80's, the education system was being reviewed and reconsidered, in an attempt to align education with emerging economic realities. Grave concerns that New Zealand would be left behind as a low skill, low wage economy resulted in a deliberate policy shift

“There was a cultural shift in terms of what ‘education’ meant and what was expected. Where it was previously socially acceptable and sustainable to leave school at 15 and get a job, this was turned on its head. There was a shifting attitude to get ‘qualified’ and universities and polytechs emerged all over the place.”

**- Helmut Modlik, Connexis**



towards massification of higher education. A 'knowledge-based economy' was regarded as a necessary step to keep New Zealand in the first world. There was an overt push for more young people to become highly qualified.

Young people no longer left school at 15. The academically-inclined stayed at school to prepare for higher education, while others stayed because of a lack of jobs to go to.

At the same time, the apprenticeship system was regarded by many as overly regulated, bureaucratic, and inflexible. The system was slow to respond to the training needs of industry, and new industries felt shut out. The Employers' Federation, under John McCarthy, voiced the need for change – a broader range of industries, including new and emerging industries, and a broader range of trainees.

In 1986, a Department of Labour Green Paper on Vocational Education<sup>4</sup> outlined a number of elements that would arise in the industry training reforms six years later. Training arrangements were described as "haphazard and unco-ordinated", and a national certification system was called for, based on competency. The Scottish standards-based assessment system for technical and vocational education was highlighted as a national competency-based model for a wide range of subject areas.

Further impetus for reform was provided in 1988 through a Ministerial Committee on Education and Training, chaired by Professor Gary Hawke.

Its report – *Learning for Life*<sup>5</sup> – foresaw and promoted the notion of lifelong learning, stating learners should engage in a comprehensive and seamless tertiary education system. That seamlessness extended into people's working lives, and the tertiary education system extended into workplaces.

The message got through – school retention rose, and higher education participation rose sharply.

That led to the problem of affordability. Participation in tertiary education up to that time had been virtually free, deliberate policy moves were made to encourage participation, but manage costs to government.

This occurred through the introduction of fees, and student support systems. Meanwhile, tuition subsidies, albeit at lower rates, were available on enrolment – forever to be known as "bums on seats".

The impact of the *Learning for Life* report cannot be understated. Many major elements of today's system can trace their roots to this reform – the creation of the world's second competency-based qualifications framework (after Scotland) and the establishment of its associated New Zealand Qualifications Authority (NZQA). The change from a centralised Department of Education to a more steward-like Ministry over a "Tomorrow's Schools" system of self-managing, self-governing schools.







# 1990. A Promise.

A new National Government was elected in 1990. Its manifesto 'Creating a Decent Society'<sup>6</sup> later became especially famous for its social welfare chapter, and the "Mother of All Budgets" in 1991. But in its "Investing in Achievement" section, it included significant statements about the direction for education, and their aim to orient more of it towards employers. It opened: "One of the major problems we face is we simply aren't competitive in international terms. We simply don't have a sufficiently skilled workforce. To build it we must invest".

Politicians sometimes have bright ideas, but more often than not these ideas are products of a range of influences, conversations, and observations. In many ways, the essence of the industry training system can be boiled down to a single thought: industry wins when we get the right skills, and industry loses when we get the wrong skills, so surely industry should determine its skill needs, and make the arrangements to get them.

This vision, is often credited to a conversation between Dr the Hon Lockwood Smith, then Minister of Education, with his officials. However, others around at the time give at least equal credit to the then Minister of Labour, Rt Hon Bill Birch.

Underpinning these thoughts was a concern about supply-side capture – under a model that rewarded participation, providers would offer what students wanted to do, not what industry needed them to do. Bill Birch in particular was vocal about ensuring that the tertiary education system delivered industry-relevant skills and qualifications.

The education and labour market stars were aligning. There was a need for an industry-led system.

A key official throughout much of the industry training sector's history, Peter Palmer, moved from the Department of Labour to the Department of Education, in line with these system shifts. According to Peter, Bill Birch had been "terribly impressed" by the levels of industry ownership and control he'd observed on a visit to Germany. And New Zealand was almost leading the world in forming a seamless and coherent outcomes-based qualifications system, and introducing lifelong learning.



# Profile

## John Albertson

John Albertson was Chief Executive of the Retail Association for 17 years. John is on the Board of Service IQ.

In the time I've been involved with the Retail Association and industry training, one of the biggest changes is the attitude to retail. There is far more acceptance of retail as a career of choice, and this is largely influenced by the fact that you can get recognised qualifications.

There's so much competition in the market, and discounting – businesses have to have a point of difference, and that is often the quality of service. Training and education have a major impact on quality of service. Training is good for business.

Training on the job is a huge advantage. Most owners or managers are successful retailers themselves. Who better to teach the skills of the trade to the next generation? Employers want skilled staff, and the staff want qualifications. With industry training it's a transfer – really valuable skills are passed on for the future.

If you're a good operator and a good manager of people, you provide the right environment and do everything in your power to get it right. All of those things need to be positive, and your staff will stay.

I'd like to see the Government appreciating the true value that ITOs add to our society and economy. Universities and institutions are still given a lot more weight and emphasis. I'd like government agencies to recognise the level of training that's going on every day in our workplaces, and the really positive impact it's having on the New Zealand economy. That needs to be recognised.

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**- John Albertson**







# 1992. A New Beginning.

The foundations of a major reform of the industry training system were outlined in the National Government's Industry Training Strategy. The Strategy was the result of several reports and working parties in the years leading up to it. This included an apprenticeship and on-job working party that proposed industry-led and owned bodies to set standards for their industries and make arrangements with employers and training providers to deliver skills for industry.

The importance of this policy shift by the government – to cede the standard setting role to industry – was enormous.

The system was to extend wider than traditional apprenticeship trades, and apprenticeship contracts were to be replaced by more flexible training agreements between the employer and the trainee. The fundamentals of the system, including the creation of ITOs, was codified into the Industry Training Act, passed into law on June 18, 1992.

According to Minister Lockwood Smith, the new Act represented "a complete change in approach, whereby industry would identify the skills it needed, the kind of training it needed, and the standard of that training; and each industry would control training for its own sector. It was a chance for industry to have, for the first time, the power to determine these things – and, after all, industry knows best the skills it needs."

ITOs were tasked with three core responsibilities: to develop and maintain skill standards for industry; administer the delivery of industry training; and develop and improve industry training and apprenticeship training.

It was the culmination of robust debate. Opponents, led by Labour's Steve Maharey, claimed the move was an ideological shift towards hands-off, market-led, and privatised education, the result of which would trap New Zealand in a low-skill, low-wage economy.

Key arguments that played out through consultation and the Parliamentary committee process were the criteria for recognition of ITOs, and whether or not ITOs would have the power to levy industry members. In the end they didn't, and a Members' Bill brought by Labour's Michael Cullen a year later, which would have introduced a voluntary system of levies, was summarily voted down.



Removing the term 'apprenticeship' from the title of the Industry Training Act, alongside the repeal of apprenticeship legislation, was intensely debated. The mission to expand the industry training system into a wider range of industries and a wider range of trainees (young and old) led to a view that the term 'apprenticeship' was constraining.

It was, however, understood that apprenticeship training would continue – albeit within a system of competency-based assessment for qualifications, rather than a time-served model. Indeed, the ITOs that were up and running most quickly arose out of the former Apprenticeship Boards with strong apprenticeship histories.

Senior officials – and very senior National Party politicians – were said to have later expressed regret about dropping the “A” word. Peter Palmer calls it “a significant tactical error”. It fed a long lasting misconception that apprenticeships had been abolished. But it did provide the opportunity for both major political parties to take turns at bringing apprenticeships back.

Another unique feature of the proposed system was that ITOs would have purchasing power with providers to deliver off-job components to industry trainees. This provided a direct lever for industry to invest in provision that met its needs, and not to invest in that which didn't.

At the centre, another significant shift was to move central agency responsibility for workplace training from labour policy, to education policy. This move also gets mixed reviews, but the regime had the new industry-owned entities – ITOs – placed as the bridge between education and the labour market, to ensure industry got the skills it needed.

## More, more, more.

The first three ITOs – covering plumbing, gasfitting, and drainlaying, the dairy industry, and the joinery industry, were in place by November 1992, and Ministers hosted a parliamentary function to celebrate.

The government anticipated 30 ITOs by the end of 1993. The Education and Training Support Agency warned the government that they might end up with over 100. That didn't quite happen – ITO numbers increased steadily from 1993, to reach a peak of 52, by 1996.

Officials at the time speak of close interest from Ministers over the growth of their new babies. Minister Birch's people were on the phone to the Education and Training Support Agency (ETSA) asking about the number of ITOs, while Minister Lockwood Smith's Office was just as keen to see its new framework populated with more unit standards and more qualifications.

Many ITOs at the time were brand new or fledgling organisations, supported with transitional funding to get their

Along with the rest of the tertiary sector, all accountability was around inputs. Signing up trainees was the name of the game and the measure of success in those early years.

systems up and running. They were busy either converting old training materials into standards based qualifications and new unit standards, or they were starting from scratch. Everything was new, and everyone was learning as they went. Not all ITOs became success stories, and some – usually for financial reasons, or a loss of industry support – were disestablished or absorbed.

Along with the rest of the tertiary sector, all accountability was around inputs. Signing up trainees was the name of the game and the measure of success in those early years.

## Relationships

The invention of ITOs was, in and of itself, a fairly explicit criticism of the provider sector – particularly the Polytechnic sector, which was seen to be delivering courses in response to student, rather than industry, demand.

To add salt to the wound, the initial funding for ITOs came from a \$30 million slice off polytechnic funding to fill the new industry training funding bucket. Forgiveness was slow: John Blakey, longstanding ITO Chief Executive and later ITF Chair, was counselled against leaving his polytechnic role to take the helm of the Forestry ITO. It was not necessarily expected that ITOs would survive long term.

The establishment of ITOs set up a deliberate tension between the ITO role as standard setters and education providers. It was natural for industry to want things the providers weren't delivering. This arms length between the standard setter and the provider lies behind the statutory preclusion over ITOs having direct involvement or interest in training provision.

Some thought this would lead to industry determining the arrangement of all vocational training – making investment decisions about all provision akin to the modern Tertiary Education Commission (TEC). Others think it was only ever to be about meeting the off-job training components for workplace learners – people in employment, and that Polytechnics would continue to offer their own training for pre-employment training of people outside the workforce.

In theory, however, the provider-led training would use the industry's standards, leading to ITO-developed National qualifications. While this happened in many cases, up until sub-degree qualifications reforms in 2009, all incentives on providers pointed to a rather obvious loophole whereby they could write "local" qualifications, and be funded at higher rates to offer them. Sometimes, those local qualifications looked a lot like ITO qualifications, but padded out a bit, to make up a full time study load, and attract the associated resourcing.

Related to this, and the source of much fractiousness between ITOs and ITPs over the years is a practice known as overlapping provision. These are cases when institutions take teaching and learning subsidies appropriated and allocated to run programmes in their institutions, and instead, apply them in workplace training programmes for employed people. Effectively, it is industry training. However, the funding rates for institutional provision are around three times higher than industry training subsidies. Providers can use these higher subsidies to offer programmes free to employers and free to learners, and without requiring or demonstrating an industry contribution.

Who loses? The taxpayer. What suffers? Trust, collaboration, and a genuine, joined up system for vocational education.

So what was the real vision for full implementation of the industry training system? Opinions differ, and the ITF's Executive Director, Paul Williams might be right. He reckons the politicians and officials simply hadn't thought that far ahead.

Government funding of ITOs was problematic from the beginning. The contestable nature of funding led to anomalies in the formation of ITOs and inconsistencies in the provision of training. Initially, government subsidies for ITOs were provided to an on-job fund and an off-job fund, but this was seen to incentivise industry to drive more training into providers. A 'Standard Training Measure' (STM) was conceived, initially comprising six components, but this became unwieldy and complicated to administer, and gave rise to a range of inequities. Eventually, the STM became a single rate, based around credits per trainee per year.

But despite the various issues, the Industry Training Strategy was achieving a number of its aims. The reach of industry training had undoubtedly expanded far beyond traditional apprenticeship industries. A much greater range of people, who had previously been unable to access any education, were participating in structured industry training and obtaining national qualifications. Selling bits of qualifications was easier than selling whole qualifications, particularly to industries new to formal training. But there was no doubt that the more flexible system meant the needs of a broader range of employers and industries could be met.

# NZ's Industry Training Organisations



## BCITO

Building, construction, flooring, masonry, glass and glazing, joinery, interior systems, and painting and decorating.

## Careerforce

Health and disability support, Social and community support, cleaning, caretaking, and pest management.



**careerforce**  
*te toi pukenga*



## Competenz

Engineering, manufacturing, forestry, communications and media, maritime and rail transport, and other trades (locksmithing, fire protection, refrigeration, heating and air conditioning).

## Connexis

Civil construction, electricity supply and transmission, water, and telecommunications.



## HITO

Hairdressing, barbering, and beauty.

## MITO

Automotive, commercial road transport and logistics, stevedoring and ports, freight forwarding and distribution, industrial textile fabrication, extractives and drilling, gas and petrochemical, protective coating, and resource recovery.





#### **NZ MAC ITO**

Boat building design and manufacturing, composite manufacturing, and marine support services.

#### **Primary ITO**

Agriculture, horticulture, sports turf, equine, dairy manufacturing, meat processing, and seafood.



#### **ServiceIQ**

Tourism, travel, retail, hospitality, museums, aviation, and wholesale goods operations.

#### **Skills Active Aotearoa**

Sports, fitness, and recreation.



#### **The Skills Organisation**

Plumbing, gasfitting, drainlaying, roofing, electrotechnology, real estate, financial services, local government, public sector (with some exclusions), security, contact centre, offender management, cranes and scaffolding, ambulance, emergency management, and fire services.



# Profile

## Chris Harris

Chris Harris was Chief Executive of Spectrum Care for 9 years, and a member of the Careerforce Board.

Our values are 'People with disabilities living great lives'. If you want to have good outcomes for people, you need staff with the level of training to support those outcomes.

In 2009 we started our journey with Careerforce – and a large number of our staff at the time were disinclined to take that journey.

There are 78 different languages spoken among our staff – for 52% of staff English is a second language – so adapting to different individual learning styles helps to break down the barriers to training.



We really celebrate success here, and we involve families in these celebrations. Gaining that Level 2 qualification has become hugely validating – it's a major leap for people who haven't previously had a successful time with education. And a really high proportion then want to go on to level 3.

The training is translating into significant growth in staff satisfaction and staff engagement. If an organisation is willing to invest in people, they are willing to invest in the organisation. I think the staff who go through the training feel more valued and they feel much more confident.

The best thing about industry training is that it gives people a marketable qualification that translates into a portable qualification. That's central to creating a learning culture.

The training results in better outcomes for the people they support at work, but also better outcomes in their own family context.

So we light the fire, but the fire is kept going in a broader sense. The backing of formal knowledge translates into a more holistic change in peoples' lives.

Since 2009 we've had 675 enrolments and 553 completions - 89% completions.

The limit in our system is that many staff now want to go on and do level 4 – we've had 24 go through to so far. We'd like to put more people through, and the disability sector aspires to getting more people into that higher level training. But the cost and time present a barrier, particularly as they have people to support every day.

With other apprenticeships, human lives are not at stake when people leave their daily work to do training. And with a set funding arrangement with government, we're more constrained.

The nature of people drawn into the disability, home, health, and support workforce is different. It's unique. There are many migrants, some with limited work visas. So that also presents a challenge when you're running a business in terms of how we invest in training.

The reality is it's a very low wage economy – many young New Zealanders aren't attracted to this career path. So our workers tend to be people trying to get a foothold in New Zealand, and it's a time-limited foothold.

A future challenge is how we build capability across our workforce to learn online. With literacy being a major issue in our workforce, computer literacy is also an issue. Many people don't have the confidence to engage in online learning, so that's the next hurdle.

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**- Chris Harris**







# 1996. A New Collective.

Things had moved fast, and the sector was now populated with a highly diverse range of organisations, industries, cost structures, and operating models. But all were fundamentally about setting standards and arranging training to deliver skills for industry.

For the ITOs, it had been a major undertaking to develop new competency based qualifications and associated unit standards. Important lessons were already being learned, and ITOs realised there would be value in working collectively on matters of common interest and effective practice.

There was now more focus on signing up trainees. Verna Niao had previously worked with the New Zealand Commissioner of Apprenticeships at the Department of Labour, then ETSA, then Skill New Zealand. Soon she would herself join the ITO world, where she remains today.

"In the early days, [agencies] were guiding industries in the set-up phase of creating their own ITOs. As the sector got established, the relationship developed to contract management and aligning to the Industry Training Strategy. ITOs soon realised the need to have a more co-ordinated approach to their advice and advocacy, to maintain the essence of the industry-led system that was evolving, and support their industries' priorities. The funding for ITOs was quite different in those days, based on applications that outlined training costs, and a funding rate was determined based on those costs. It was a very interesting time, seeing the management of industry cadetships and apprenticeships pass from Government to ITOs. We saw the transformation of industry training by the widening of formalised training opportunities across all New Zealand industries"



Many ITOs had also realised that individually knocking at the door of the government agencies was unwieldy. There was strength in numbers and a need for a collective voice. The sector was only a few years old, but the relationship with the funding agency was difficult. ITOs felt like they were being held back by officials who thought they knew more about industry than the ITOs did. Relationships with Ministers were also very strained.

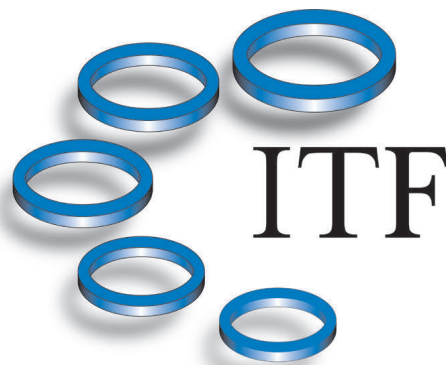
In April 1996, 40 ITOs agreed to form the Industry Training Federation (ITF) to be the representative body for iTOs in New Zealand. Its first Chair was Stephen Wickens of the Motor ITO, and its first registered office was the ground floor cafeteria of Mitsubishi Motors, at Todd Park on Heriot Drive, Porirua, where they were still making cars until 1998.

The ITF was a fairly loose conglomerate initially, without full membership or full support, nor consensus about the organisation and its aims. In fact, according to its third Chair, Martin Eadie, at the very first meeting of the ITF, a motion was put to disestablish the ITF.

Paul Williams was the first Executive Director of the ITF: "We had a great story to tell, but we weren't telling it very well, and there had been a fairly unsophisticated approach to lobbying. What was obvious was that the practice of industry training was well and truly ahead of the policy. There was also a bizarre situation where the ITF was coaching the policy agency on what they should do to improve performance. ITOs were very invested, since the fund was capped and they didn't want poor quality ITOs soaking up funding that could have been better spent in another area."

By 1998, there were over 45,000 industry trainees, but just two years later, there were 85,000, and the sector was growing rapidly. The sector too had become embedded into the tertiary education system. A new acronym - TEO, or 'Tertiary Education Organisation' - had been developed to create an inclusive term.

Following an extended transition period, when it seemed the only thing the government was interested in was growth, the government was now looking for results. Paul Williams: "First it was more ITOs, then it was more qualifications, then it was more trainees. Finally, someone said 'hang on a minute, what's the output?' That was about the time that I got involved."



*Industry Training Federation  
Brand Identity 1996*

## A new government

It was also obvious to most that a change of government was looming, and part of Paul's job was to prepare for a new set of Ministers, some of whom had been pretty outspoken in their opposition to the set up of the industry training system.

Industry training anomalies and weaknesses had been recognised by the Labour party in the lead up to the 1999 election. Despite the increased emphasis on tertiary education in universities and polytechnics, the notion of 'getting a trade' via an apprenticeship remained a strongly held aspiration.

A group of well connected ITOs realised that unless they formed a credible advocacy body, they could not be assured that an incoming Labour government would take the sector forward in a positive direction. Paul had already worked closely with some of the key figures, from his time in Labour's Parliamentary research unit.

A priority for the ITF early on was to undertake and promote research into aspects of vocational education and training. In the early days, this was not about applying for discretionary government funding. During Paul Williams' tenure, the ITF gained complete membership of all recognised ITOs, and also initiated a research fund – just \$50,000 to begin with, but entirely membership funded.

Paul's successor Darel Hall makes the same point about the strong research focus of the ITF, in part to make sure the sector was – at least – one step ahead of the officials. "We thought there were lots of things to look at, and lots of things to say. Māori in industry training; literacy and numeracy; women in industry training - the same issues that still come up today. Every Minister is interested in these issues, and we saw it as our job to make sure we had looked at these things ourselves first."

"First it was more ITOs, then it was more qualifications, then it was more trainees. Finally, someone said 'hang on a minute, what's the output?'"

**- Paul Williams, ITF**



# Profile

## Erica Cumming

Erica Cumming has been the Chief Executive of Hairdressing ITO (HITO) for over 12 years.

My background is really important – my own training journey, running hairdressing salons and understanding what they do and don't have time for, and what will work in terms of training.

I started out as a trainee. I left my school in Gore when I was 15, and with full family support, I began a hairdressing apprenticeship and completed my trade certificate followed by my advanced trade certificate. When I was 19, I bought my own hairdressing business, and I employed staff and carried on training apprentices.

I had the chance to become an examiner, then an industry



assessor, and then a moderator when NZQA started this process. I was appointed onto HITO's advisory committee and ended up on the HITO Board.

In 1997, I was appointed national moderator for HITO, and that was a big move for me. I sold my two salons down south and moved to Wellington. After six years the role of Chief Executive came up, and I thought I'll give this a go and applied. I've now been CE for over 12 years.

I did have that imposter syndrome at first. Everywhere you go people make the hairdresser joke and the Southland joke. When I did my masters' degree, people gave me the same hard time – in jest of course but it's always there! I think that was largely why I did the masters – to prove to myself I had the right to be here.

My first priority as CE was to start running HITO like a business, and to tidy up the finances and operations. In 1998 we only had one email address for all staff! Everything was paper based and prone to error. Today hardly anything is done on paper. All of our field staff work on tablets, everything is electronically based. It's a much more efficient operation!

When Modern Apprenticeships were introduced, hairdressing was excluded. Hairdressing is often the underdog, but we fought hard and we made our case to the Minister. Some of the other ITOs were really supportive – Joan Grace from the Printing ITO was a huge advocate, as was Janice Shiner from TEC. At the time, there was a lot of noise about the lack of women apprentices, so we could say "we've got a whole industry of women for you here!"

Finally hairdressing was recognised and included in the Modern Apprenticeships programme, which made an enormous difference to HITO, and to many businesses and individuals. It also recognised that hairdressing, and subsequently beauty, should be recognised along with other trades as a valid qualification path.

In 2009 the beauty industry (beauty therapy) officially came on board for HITO and we worked hard to have the Beauty Therapy Apprenticeship approved last year while waiting for the beauty qualifications to be listed by NZQA.

What's kept me here is the change, the progress, seeing more people become qualified and the difference that makes to their lives. And seeing hairdressing, barbering and beauty make their mark as respected qualifications with an equal place on the table with all trades-based qualifications.

One of my father's quotes is "you can't go back to yesterday". You can't change what has happened. All you can do is look forward and ask what can change, what can improve, what will make a difference to employers and trainees.

When we get hairdressing jokes, my attitude now is, at least hairdressing got mentioned! At least hairdressing and beauty are at the table, they exist in this forum and they're not going away.

"What's kept me here is the change, the progress, seeing more people become qualified and the difference that makes to their lives. And seeing hairdressing, barbering and beauty make their mark as respected qualifications with an equal place at the table with all trades-based qualifications."

**- Erica Cumming**







# 2000s. Growth and Innovation.

## Modern Apprenticeships

The incoming Labour/Alliance coalition government had a clear mandate to 'reintroduce' apprenticeships, and promptly announced a review of the industry training system. At its heart, the 'modern apprenticeship' proposal tapped into the cry for skills and career security. Politically too, it was a winner, since it tapped into the perception that National had abolished apprenticeships, and Labour was going to bring them back.

*"There was a serious misconception in the late 1990s that apprenticeships no longer existed. Not surprisingly, a campaign to bring them back captured the nation."* - Janet Lane, MITO

Darel Hall, later to become ITF's second Executive Director, was then working in the Labour Party's research unit, and the issue of the public perception of apprenticeships kept coming through in the media. Once in government, as Darel Hall recalls, "You couldn't keep Helen Clark or senior ministers away from any event involving apprentices. They thought it was gold."

For its part, the ITF reached out to the new government to assist policy development in the skills area. As a result of its early research efforts, the ITF felt it was well ahead of the curve in its thinking on skills issues. Paul Williams: "We went to them and said 'we've got a series of solutions to problems you don't know you've got'".

The Modern Apprenticeships programme was a practical attempt to address skill shortages and fill a gap in training provision. And as the average age of apprentices had, over time, crept above 25, it was also targeted at youth to try and bring back apprenticeships as a valid pathway for school leavers.

*"At various times, the political parties have said 'you killed apprenticeships', 'no, you did!' or, 'we brought them back', 'no, we did!'. The real answer is they both did both."* - Darel Hall, former Executive Director, ITF

Modern Apprenticeships added a level of co-ordination and additional support to assist apprentices to complete. At another level it bolstered the importance of skills acquisition for New Zealand as a whole, servicing the 'knowledge society'.

How important was it? Pledge #5 on Labour's 2002 General Election pledge card was to double the number of apprentices.



## Skills Leadership

The other headline result of the 2000 industry training review was the addition of a third statutory role for ITOs: Skills Leadership.

*"What was Skills Leadership? That's a very good question. And it was awfully hard to get a clear answer."* - Darel Hall, former Executive Director, ITF

Peter Palmer: "Skills leadership was a politically generated idea. The idea was to broaden the ITO role for not just on-job training but to set up leadership for the industry as a whole. But it was not well defined and it was not something that came from the industry. No-one really understood it and nobody wanted it. Officials, including me, were very puzzled by what it really meant. We tried to work out what it meant. We even employed some consultants at one point to go around the ITOs and ask what they thought. I think it just died. It was one of those vague fancy ideas. It never really got anywhere."

John Blakey describes Skills Leadership as "a slogan in search of meaning". He explains: "It was a solution for a different problem. The Labour government was hearing about 'skills shortages' wherever they went. The real problem was a labour shortage. So the government was saying 'can't the ITOs do something about predicting the future skill needs?'. Well, yes we can – 3D printers or whatever. But what they actually meant were the future labour needs. And we're no better placed than anyone else to predict the next global economic crisis or downturn in the New Zealand economy."

ITOs were concerned that the role was not well defined or resourced. Whatever it was, ITOs were not going to get paid to do it. And once it was hardwired into legislation, it was the ITOs' responsibility, and no-one else's. Therefore, it would be ITOs' fault if it – whatever it was – didn't happen.

Former ITF Executive Director Jeremy Baker has a different take on the meaning, and the potential, of the Skills Leadership role. For Jeremy, skills leadership was about a feedback loop from industry to government on the impact of its investment in skills – not just in tertiary education, but schools as well.

*"Government is prepared to spend billions of dollars on skill formation, but not to go to the end of that logic chain and go 'how do we know that we're getting value out of that investment?' The size of the literature on skills application is miniscule compared to the literature on skill formation. And [with ITOs] you've got someone that might be able to do*

*something in that area. Industry training in my view was always seen as equally an education and a labour market intervention. In my view the education function has overwhelmed it, and there is a whole other system there which we haven't really explored, which is about the application and deployment of skill."*

- Jeremy Baker, former Executive Director, ITF

The ITF had continued to focus on ensuring that core STM resourcing met demand in the system, but it had also branched out in terms of research and analytical activity, as well as capability development for its members – then numbering in the 40s.

The ITF's annual conference had grown steadily since the first, held in 2001. It became the largest stakeholder gathering for vocational education, supported by an expanding range of issues-based forums and networks, in particular, the ITF hosted research forum for vocational education researchers, which grew spectacularly. Unlike Australia, we have no dedicated research institution devoted to vocational education issues. This forum gave precious oxygen to a vitally important community of practice, that often finds itself sidelined in academically focussed research institutions.

Adult literacy and numeracy had become a national story, especially following the release of OECD survey results in 2006 suggesting more than a million New Zealanders were operating below the level required for full participation in a "knowledge society". The policy around foundation level tertiary provision was a focus, particularly around embedding literacy and numeracy into programmes at that level.

This was a challenge for the industry training system, given that workers with literacy and numeracy issues often had little or no previous educational success, and tended to work in low skilled occupations in areas with traditionally high levels of turnover. Many of the new compliance around literacy and numeracy that ITOs faced showed little understanding and none of the flex to adequately reflect the reality of how people with little or no previous educational success lived and worked.

“What I know is that whenever I mentioned during the election campaign that Labour in government wanted to get more young people into apprenticeships, the applause nearly brought the house down.” - **Rt Hon Helen Clark, 2000**<sup>7</sup>



Industry Training Federation  
Brand Identity 2000

The ITF led a programme of work, researching into adult literacy and numeracy, and participating in the 'literacy alliance' that argued if the national challenge of adult literacy and numeracy needed to be tackled head on in the workplace, since that's where the issue was. The OECD's 'million' were clearly not to be found enrolled in courses.

Another momentous data analytical effort resulted in a 'matching supply and demand' toolkit that mapped the supply of tertiary education to occupations. It involved the ITF crunching an enormous amount of raw data on the smell of an oily rag, and developing a methodology for classifying fields of study, and mapping qualification codes to industry classifications. It had not been attempted before, partly because it is impossible to get it comprehensive, let alone right. But by applying an 80-20 rule, and explaining its assumptions, the ITF was able to deliver a tool which many inside and outside government found very useful, to spark discussion, and inform strategy.

The ITF was also active in industry alliances, most notably alongside Business NZ and the New Zealand Council of Trade Unions, working as a tripartite with the Department of Labour to develop the 2008 New Zealand Skills Strategy. This included regionally based, face-to-face efforts to engage on skills and employment policy, in a genuine effort to connect the two. The strategy was shelved following the election of the National Government in 2008. However, its recommendations about qualifications policy lived on in what became the 'targeted reviews' and the unification of the qualifications framework. Also its statements on youth transitions have strong echoes in what became the Youth Guarantee initiatives, such as Trades Academies and Vocational Pathways.

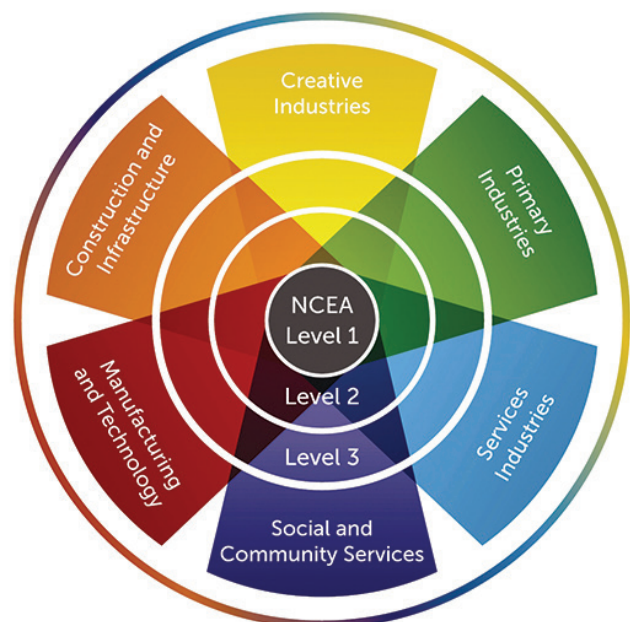
ITF's expansion into ITO-facing capability development was not fully supported – some ITOs felt it should focus on its "bread and butter" advocacy around industry training funding and operational policy. Since ITOs were highly divergent in size, larger members felt they saw the least value from these capability development efforts. However the nature of the ITF's work during this period was also a reflection of the golden economic weather: the TEC had discretionary and contestable funding available to support such efforts, and research funding was also floating around. And because unemployment was low, the prevailing policy conversation had turned once more to skills shortages and even, fleetingly, to skills utilisation.

## Vocational Pathways

By 2008, several ITO alliances had been formed, to discuss matters of common interest, both strategically and operationally. The Built Environment Training Alliance (BETA), and the Services Industries Training Alliance (SITA) were both particularly active.

Schools were one common thread and common issue among the alliances. Many ITOs were heavily involved with schools, either through providing Gateway programmes or training packages, or through the school offering ITO unit standards to students – sometimes well, but often haphazardly.

For industry, the concern was the number and quality of school leavers looking for industry training opportunities. Partly this was a result of the perception in many schools that vocational options were for non-academic students. And it was also clear that many students were not getting good advice. Many were turning up in jobs without relevant subjects or understanding about the industry, even the ones in which they sought a future.



Vocational Pathways logo,  
2016



# “This idea just exploded out of the Industry Training Federation”

**- Jeremy Baker,**  
**former Executive Director, ITF**

But from a skills perspective, the alliances also realised that a foundation level, the skills sought by employers were highly convergent, at least at a broad 'sectoral' level.

The ITF proposed to the government that a system of five, colour-coded “sector pathways” be developed that would form new ways of achieving the National Certificate of Educational Achievement (NCEA). They would identify recommended credits, and map qualifications pathways and occupations.

In late 2010, the Cabinet agreed, in the process renaming them “Vocational Pathways”, and commissioned their development through a partnership between the Ministry of Education and the ITF. Josh Williams, then an ITF staffer and now its Chief Executive, was seconded, then employed by the Ministry to project manage its development.

Today, the Vocational Pathways and colour coding are underpinning foundational career planning tools, and are supporting more coherent programme development, especially between different parts of the education system.

There is still a long way to go. As the Education Review Office<sup>8</sup> recently found, schools continue to see vocational options as the domain of underperforming students. Industry remains concerned about the number and quality of school leavers coming their way.

*“There are huge opportunities for the industry training sector. Industry training can lead to exceptionally good, prosperous careers. But there is work to be done before people really start believing this and before some people stop looking down on industry training and the trades as a lower option.” - Dr Ian Hall, former ITF Chair*

However, the “VPs” show signs of gaining traction in the senior secondary school and in interface programmes like Gateway and Trades Academies, and improving navigation for students between different parts of the education system. ITOs continue to work hard to encourage new and innovative opportunities to orient the senior secondary school curriculum towards employment destinations and highlight the value of industry pathways to school leavers of all abilities.

The industry training sector had grown, and grown fast. While never yet reaching Steve Maharey’s aim of a quarter of a million trainees, in 2008, at the point of the global financial crisis, over 200,000 learners were on the books, and the Industry Training Fund had topped \$200 million.

Then came the crash.







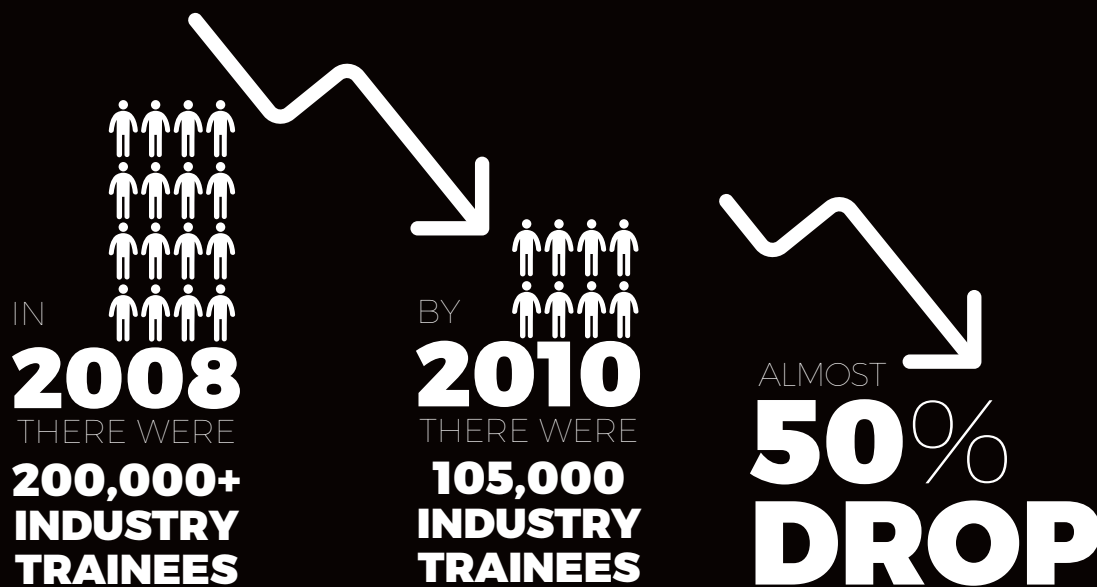
# 2009. A Downturn.

In an economic downturn, the corporate training budget is often one of the first things to go. Training is a 'nice to have', while people hunker down and get through. Unfortunately, it means that firms are not well equipped to take advantage, once economic fortunes return.

The phenomenon can be seen clearly when comparing employment statistics and participation in tertiary education. When job growth is up, industry training goes up, about one year later. When employment drops, tertiary study goes up, about one year later.

The phenomena raises important questions about the relationship between institution-based and workplace-training – or at the very least, it implies that there is a relationship, whether we like it or not. Industry is always clear: it wants the right skills at the right time, and if the skills are right, it doesn't necessarily matter a great deal where they come from. That's a tenet of an outcomes based education system.

The other challenge it presents is to try and overcome the effects of boom and bust. Learners need to be adaptable and resilient, and the skills system needs to support them as and when they need upskilling, throughout their working lives, and across multi-faceted careers.



Just two years after eclipsing 200,000 industry trainees in 2008, by 2010, there were 105,000 industry trainees – almost half. There were still 35,000 National Certificate completions that year, but numbers coming into training had plummeted. Qualification completion rates had also dropped to a dismal 31%, as many industry trainees and apprentices fell victim to the “last in, first out” approach to layoffs.

The government’s industry training budget was slashed by more than a quarter, in a direct transfer to the university sector. Some ITOs lost half of their government funding at a stroke. The dark days had begun. BCITO’s Ruma Karaitiana: “Our biggest challenge at BCITO was the recession. Although we were prepared for it and we’d stashed away some capital and made plans, it was still our biggest challenge. We went from 9,900 apprentices to 4,900. We had to restructure and reduce staff and that’s never easy.”

Interestingly, following such a savage cut, the following year, ITOs did not spend the remaining budget. It appears that Steven Joyce, and his officials, had got the balance about right.

During the same period, the Tertiary Education Commission carried out a series of audits of ITOs. Questions had been raised about whether some trainees were eligible to be attracting subsidies. As a result, TEC introduced new rules to clamp down on performance and improve completion rates.

More stringent compliance reviews of ITOs were initiated to monitor performance, together with the introduction of annual caps for trainees and the development of the Industry

Training Register, to allow for better reporting and tracking of trainees and their performance. It was controversial, and created resentment, since it appeared that ITOs were being retrospectively held to account for entirely new rules, by the same agency that had already given them the big tick from an audit perspective.

*“The imperative for almost two decades had been ‘grow grow grow’, and while clearly some ITOs screwed up and didn’t follow the letter or even the spirit of the rules, they [TEC] then added a whole lot of rules and then said ‘you’re not complying’, which is a little bit tough.” - Jeremy Baker*

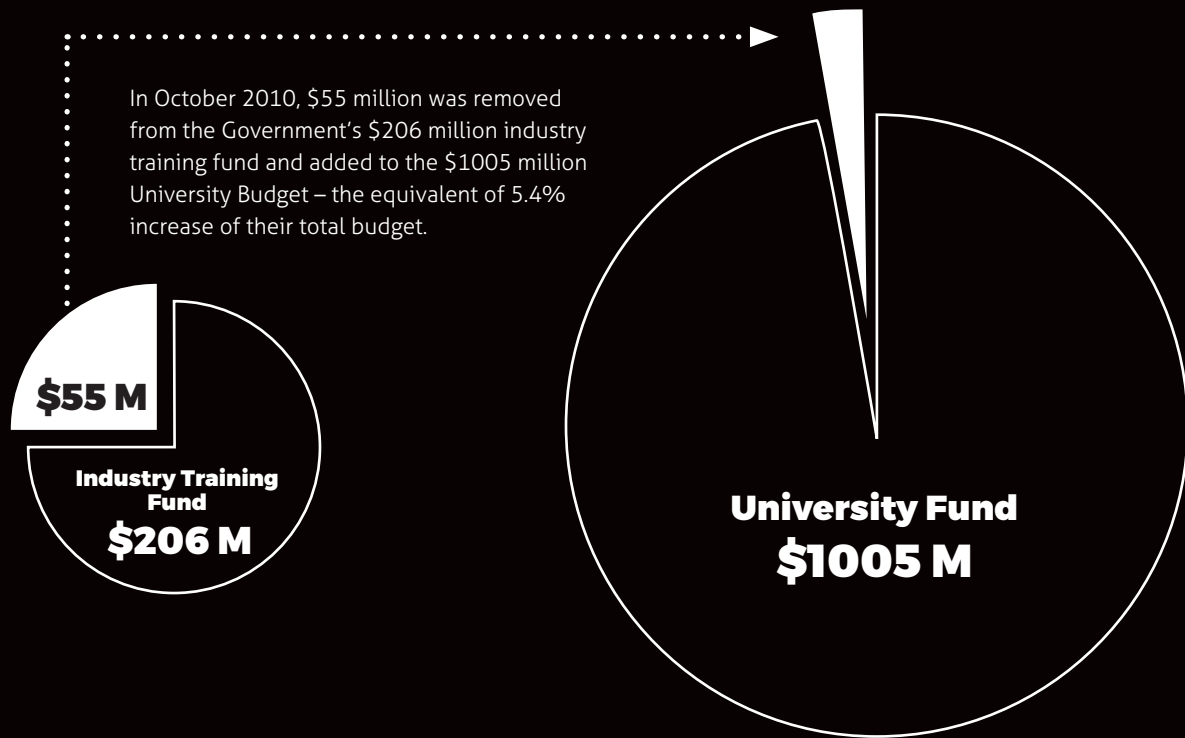
Tertiary Education Minister Steven Joyce claimed that the new funding rules would result in greater accountability and better use of taxpayer money, and identify poor practice amongst ITOs.

TEC identified that some ITOs had been claiming funding for ineligible trainees, including where there was no evidence of a training agreement. A further \$4.3 million was recovered from ITOs.

Steven Joyce said “I expect ITOs to ensure they are spending taxpayer’s money for the purposes it was provided, and I expect the TEC to ensure that is being effectively monitored.”

*“The positive during this time was reorienting ourselves educationally. We trained and developed staff from within, we changed the assessment model to encourage deeper learning, and this led to improved performance and completions. We have happier, more engaged staff, and I’m really proud.”*  
- Ruma Karaitiana, BCITO





“We often look back on the dark days when the government really put the pressure on in terms of lifting performance, and rightly so. At Competenz we had a really focused strategy on lifting performance.” - **Fiona Kingsford, Competenz**



## Joiner tops the lot

# Profile

# Greg O'Kane

Greg O'Kane Managing Director of Waipukurau Joinery was Joinery Apprentice of the Year in 1992.

I always knew I wanted to be a builder, I'd had a hammer in my hand since I was two. My teacher at college told me about a joinery apprenticeship going at Waipuk construction, and I managed to get the job.



To be honest, working in a factory as a joiner for the first year or two, I hated it. You're in a factory. You're an apprentice. I probably spent the first three years just hanging doors. It was repetitive, boring, terrible work. And my boss was a hard bastard – but it actually motivated me to do better than him. I'd watch the other guys making kitchens – and I was always motivated to do better than the guy who taught me.

When they sent me to Aussie I'd work in these huge joinery shops. The first few days I spent sanding doors. My motivation was to just get them sanded, because I knew they'd then find me something better. So I got sent to another division – and the way they ran that place was an eye-opener for me.

I didn't do well at school, but I was really motivated with my training. I'd read the books and swot. Apparently I got the highest eligible mark in the advanced trade certificate exam, and was named Joinery Apprentice of the Year in 1992. The apprenticeship was four years – 8,000 hours. And when I got my certificate I did frame it. I thought I'd hang that up on my wall, it was a big investment.

Eventually I set up my own workshop here – with better tools, better extraction. When I started making kitchens, I always liked doing the different, more interesting jobs. The one-off special jobs, like designing a reception bench, not just kitchens.

When you start on the tools as an apprentice and you end up running a business as Managing Director, it's a lot of hard work really. And the different skills don't come to you naturally – you have to work at them.

What I'd say to young people these days is that you've got to work at it. You've got to start sweeping the floors and watch what's going on around you to learn. When you get the opportunity to do the work you've got to make the most of it and not be on your phone. You've got to take on every obstacle because once you've done that job, there will be harder jobs and better jobs. Get all the doors hung and move on to doing the kitchens and the better work.

After all these years doing joinery in Waipuk (and a few years building houses) I'm now getting a reputation of my own. I get a lot of work here with some big kitchens, but I'm noticing people are now saying go and see Greg O'Kane, not Waipuk Construction or Waipuk Joinery, and I'm getting to look at the high end kitchens and more interesting work.

I've never had so much work as in the past year – I'm trying to do five kitchens at once. I had a new CNC machine installed in September, which featured in the Joiners' magazine. I put it all down to that early motivation. I feel like I'm now getting to the top of my game.

“What I'd say to young people these days is that you've got to work at it. You've got to start sweeping the floors and watch what's going on around you to learn.... You've got to take on every obstacle because once you've done that job, there will be harder jobs and better jobs.”

**- Greg O'Kane**









# 2012. A REVIEW

***"The review itself was an absolutely necessary step. But we were literally fighting for our survival. The future of the ITO sector was, quite legitimately, up for grabs. One option from the government was to disband ITOs completely. I remember exactly where I was when I read the policy document that proposed getting rid of ITOs as a real option."***

*- Mark Oldershaw, Former Chief Executive, ITF*

The announcement of the industry training review by the National Government in 2012 came as no surprise. TEC audits had uncovered poor systems in some ITOs. Some ITOs were receiving subsidies for inactive trainees, and in eleven cases, for people who turned out to be deceased. There was, rightly, an uproar.

Perhaps more damning, the often repeated killer statistic was that half of all industry trainees had not gained a single credit the year covered by the audits.

There were all kinds of practices that led to this result, such as how and when credits were loaded against programmes, and when achievement was reported. But across the sector the overall sense was 'fair cop, no excuses'. You can't argue away a statistic like that.

The ITF Chair at that time was the Agriculture ITO's Kevin Bryant: "The whole industry training system had become quite insular, and a few ITOs were looking a bit dodgy. As Chair of the ITF Board, I said if we don't get our act together, someone will come along and do it to us."

Minister Steven Joyce said he expected the review to raise the number of apprentices, skilled workers, and improve completion rates. The review also aimed to clarify the "role, performance and expectations of Industry Training Organisations".

***"The taxpayer was entitled to the review. There needed to be some measure of return on investment."*** - Ray Lind, Careerforce

***"I said bring it on! Hold us to account. Intriguingly it brought our sector closer together. The ITO community respects that we need to satisfy our stakeholders that we can withstand scrutiny."*** - Janet Lane, MITO

The Ministry of Education led a comprehensive policy review, issuing a series of discussion and options papers and undertaking substantial consultation, particularly with industry representatives.

While there was no specific review recommendation to reduce the number of ITOs, the strong signal from government was that there were too many ITOs wasting taxpayers' money and the number of ITOs had to be reduced, and fast.

On top of the employment and training impact of the recession, some ITOs found it impossible to continue. Some handed over recognised coverage to larger organisations and ceased operations. Others merged and amalgamated with varying degrees of amicability.

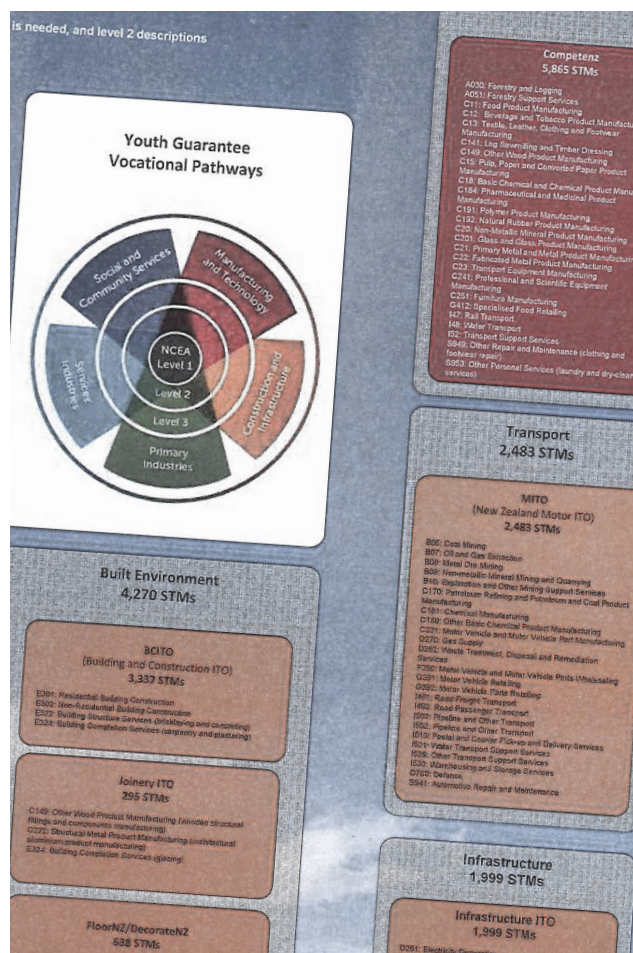
As a result, the ITF also diminished in size, and reduced its core staffing. The ITF began a transformation of its constitutional arrangements, which would eventually result in a Council of all members, including the appointment of an independent Chair, Dr Ian Hall. "This was a critical and tumultuous time for ITOs. It wasn't easy," Ian recalls. "Many people were under threat, many CEOs lost their jobs, our ITF Executive Committee lost members as ITOs were taken over by others and leadership changed. The industry training sector had lost the Minister's confidence, which was not entirely unfounded. The first priority was to turn that perception around."

*"We were one of the small ITOs and our educational performance was low – we were the prey of about three ITO groups for possible mergers. So we went out and consulted with our industries and they were really against a merger. They felt strongly that this sector is unique and their interests need to be represented. So we knuckled down, and we were very clear that we could only survive and continue to represent this sector if we improved our educational results. We've gone from 29% completions to 80%. The whole argument that ITO performance is driven by size is a fallacy."* - Grant Davidson, Skills Active

An infamous A3, known as "the straw man" was tabled regularly by the TEC in the Beehive, and regularly leaked its way into the sector. It mapped the rapidly dwindling numbers of ITOs, discussions and mergers.

The Vocational Pathways logo and colour-coding was used as its organising device, which came as a surprise to current ITF Chief Executive Josh Williams, who had followed the Vocational Pathways idea from the ITF. "I thought that was a worry, since a fundamental of the New Zealand system is that it's bottom-up, and industry-led. I had a flashback to an ITF Chief Executive Forum when we were talking about pitching our idea of broad sector-based pathways to the Ministry of Education, and I think it was John Blakey who said we need to be careful we are not hoisted by our own petard."

TEC's Chief ITO Advisor at the time, Ken Eastwood, calls it an "ambiguous" time. Some industries were happily reporting significant and immediate benefits from becoming part of larger ITOs, but for others it was a painful process, and TEC often bore the brunt. "They looked across the table and saw a guy in a suit, a 'shiny-arse', what does he know about these industries? Even though I actually had an industry background. But the value proposition we were seeing were



The "Straw man" A3

improvements in scale, capability, industry engagement, and governance, and that's what we reported to the Minister."

## Outcome of the industry training review

The review culminated in a new piece of legislation. The Modern Apprenticeships Act and the former Industry Training Act were replaced by the Industry Training and Apprenticeships Act. The new Act retained the fundamentals of the system – industry-led, outcomes-based, ITOs, skill standards, arranging training. The system had been reviewed from top to bottom, and it turned out it wasn't broken – the fundamentals were sound.



***"The industry training review and the qualifications review were a good thing for workplaces. Because ITOs are now more connected and receptive to what industry needs – and, most importantly, qualifications are more relevant and more usable."*** - Nicola Turner, Enliven Residential, Presbyterian Support Central

Modern Apprenticeships were expanded to create a new all-ages apprenticeship scheme – New Zealand Apprenticeships. From a political perspective it was another chance to claim the return of apprenticeships, especially since the word was back in the title of the main Act of Parliament.

### Direct employer funding

But a couple of things had changed. A 'Sword of Damocles' clause was added in the form of a scheme to directly fund employers from the Industry Training Fund. It enables larger employers to go it alone if they are dissatisfied with their ITO. However, in reality, the scheme is small, since few New Zealand firms are of the size and infrastructure to effectively carry out the services of an ITO.

Partly, this is due to the complexities, and, in some areas, arcane nature of the tertiary education system, particularly at the level of operational policy. However, a core strength of ITOs is to provide a formal workplace training infrastructure to the 95 percent of New Zealand's small and medium-sized firms. That aggregating ability, and 'middle-man' role supports firms to engage, and reduces transaction costs for the government.

However, while ITOs generally felt the introduction of direct funding was bad policy, it created competitive tension in the system, designed to focus ITOs on ensuring they delivered high quality service to employers.

### Loss of Skills Leadership

The other major change was the removal of the Skills Leadership function, that third, ill-defined role brought in through the 2000 review. Reactions to this though, were more mixed.

Many in the sector rehearsed the argument often heard in the Select Committee – that skills leadership happens anyway, since it underpins effective standard setting. Others claimed that by making it a formal role of one kind of entity, it shut out the voices, or let others off the hook who might also have responsibilities in the space. Steven Joyce was heard to say "when industry isn't happy, I hear about it anyway".

However, there are certainly those that think something more was lost, and that, ironically, the sector is now in a much better position to deliver leadership on skills.

*"The irony of the loss of skills leadership is we do more of it now than ever, and we do it better. Maybe it needs a different term. But to me it's about acknowledging the role that ITOs play to bring industry intelligence to inform decisions about skills and training. It's also about explaining to government the stories behind the numbers – industry knows what's really going on."*  
- Dean Minchington, Service IQ

*"The only thing we weren't pleased with out of the review was losing the 'Industry Skills Leadership' role. This is a fundamentally important role for the ITO and we are all still doing it. Industry Skills Leadership needs to be reinstated officially. It's quite clear that, particularly for those of us working with SMEs, someone has to take the leadership for education and learning, otherwise it won't happen."*  
- Ruma Karaitiana, BCITO

### How differently might things have turned out?

It's still a bit soon for some key people – quite rightly – to talk on the record.

It's known that an option to completely overhaul the sector – including disbanding the ITOs – was formally considered by Ministers. It is also the case that some Ministry of Education and TEC officials spoke up bravely and gamely in defense of the system.

However, it is mostly understood that the responsible Minister, Steven Joyce, was, eventually, personally convinced of the benefits of the system, and the usefulness of ITOs as an instrument. This represented a fairly significant shift from his initial starting point. It's also fairly well known that some of the most important and compelling lobbying in defence of the fundamentals of the system came from industry figures, not agency officials.

Was there a moment when Steven Joyce asked a roomful of his officials "should we just kill it?"? We'll just have to wait for his biography.

***"Although we didn't win every fight, we won the main fight, and it ended up a hell of a lot better for all of us than it could have been. During my time as Chief Executive of the ITF, the number of ITOs dropped from 36 to 11. This was an absolutely massive amalgamation and it happened relatively quickly. The beauty was that the sector led it. My job was to ensure the ship was heading in the right direction. We now have a smaller number of much stronger ITOs, who can foot it. Plus we have the Government on board, and, most important of all, a stronger relationship with industry."***  
- Mark Oldershaw, former ITF CE

***"I was strongly supportive of the move towards fewer, larger, grunty organisations. So out of the travail and turmoil a much stronger set of ITOs, a much stronger ITF, and a stronger industry training sector emerged."*** - Dr Ian Hall, former ITF Chair



# Profile

Bruce Robertson was Chief Executive of Hospitality NZ for 21 years.

# Bruce Robertson



Bruce has been on the Board of the ITF, Service IQ and the Hospitality Standards Institute.

In hospitality, training is absolutely critical to productivity and profitability. If you don't have excellent customer service, you can't run a business. And you can generally tell – at both back and front of house – it makes a difference to the service and the product. The businesses that are heavily engaged in training are the industry leaders.

The trainees are the best thing about industry training. Some of them have come from difficult circumstances, and the training has made a fantastic difference to their lives – they really embrace it, they're engaged, and they're making a genuine contribution to the business.

Training in the service sector is more challenging than other sectors. The difficulty is in translating government policy into a training programme that is acceptable for a service business. We have a much bigger appetite for small bites of training, whereas government policy dictates long bouts of credentialed training. Translating this type of training into something that will work for small businesses is an ongoing challenge, and it's not going away.

As government keeps changing the rules, ITOs need to interpret those rules to be palatable for the sector.

ITOs are meant to be owned by the industry, but they're funded by government – so enabling delivery of training to small businesses is still a challenge.

“In hospitality, training is absolutely critical to productivity and profitability. If you don't have excellent customer service, you can't run a business.”

**- Bruce Robertson**







# 2013. A Renaissance.

In 2013, TEC released figures showing marked improvements in the performance of ITOs. In the wake of the Christchurch earthquakes, and improving employment, the numbers had swung upwards again. But this time, completion rates were much healthier – 74 percent. Improved performance during this period of change was a major achievement, and ITOs could be proud.

By 2014, government was publicly congratulating the rationalised ITO sector for further improvements in both participation and performance. Minister Steven Joyce said a smaller number of larger organisations were delivering better services for trainees and employers. “We are well set up to meet the industry training needs of an expanding economy in the years ahead.”

*“In five years we’ve completely changed the way we work. Our field staff work as consultants alongside employers to ensure they have the appropriate workforce development plan, we have launched apprenticeships, and the knowledge components of all of our qualifications are now available online. We have workforce development plans with both the Ministry of Health and the Ministry of Social Development. The future of the NZ health and social services system depends on releasing the potential of this workforce and that’s what we focus on every day.” – Ray Lind, Careerforce*

*“The side effect of the review was to make better connections and develop a greater understanding of our industries and what they need in terms of training. Surviving the review was a great achievement, along with much better performance in terms of results. But perhaps the most important thing was the culture change. Previously we had to go to industry and do the hard sell about training, nowadays businesses are coming to us. They’re seeing the value in what we do and they’re approaching us now and wanting to get involved.” – Grant Davidson, Skills Active*

*“The positive side of both the ITO and the qualifications review, has been the opportunity to focus on understanding the needs of our industries, and ensuring our qualifications, learning resources and support services are what our employers and our learners need to be successful. Learners and employers are at the heart of everything we do. It’s not about the government funders, it’s about understanding our industries’ needs and delivering on it.” – Fiona Kingsford, Competenz*

*“I see the past five years as a renaissance period for ITOs. I turned up when the world was starting to take notice of industry training. Skills Org now has coverage for 22 different sectors. And the difference between us and other ITOs is there’s no rhyme or reason between the sectors, but I see that as a strength. In any one day I could be visiting the ambulance sector, government employees, real estate, electricians. What’s the thread? Delivering an excellent service – we focus on the craft of being an ITO.” – Garry Fissenden, Skills Org*



# Profile

## Richard

Primary ITO Board Member  
Richard Wanhill is Business  
Development Director at Taratahi

## Wanhill

Agricultural Training Centre and  
Chair of the International Society  
of Arboriculture's Exam Writing  
Committee.

Previously he was an Executive Director at the Wellington  
Institute of Technology (WelTec), and co-founder and Business  
Development Director for Thoughtplanters.



School and I were not friends. I didn't engage in any way with the schooling system – the consistent theme for me was 'great sense of humour, hugely disruptive'!

I found out that you could actually climb trees for a living! And I started out as a trainee arborist with a company called Treescape. Treescape did their own on-the-job training, and eventually, they sat down with Horticulture ITO and talked about the practical skills required, and the National Apprenticeship in Arboriculture was introduced.

So began my three-year apprenticeship. My skills and competence on the job were recognised, and I did polytech courses in soil science and biology. The difference with my previous schooling was my genuine interest and the practical application. I could see the tangible results. After my apprenticeship, I was a senior, qualified arborist, and was soon promoted to project manager, and eventually area manager for Treescape Wellington.

When I left Treescape in 2005, I could apply what I'd learnt through my apprenticeship and get some interesting work across New Zealand as an arboricultural consultant.

There was by then a prevalent need for arborists to be trained, and polytechs were dominating the scene. So a group of friends and I set up a PTE 'HortTraining NZ Ltd' to deliver practical training based on the ITO system. My interest in industry training has been a theme throughout my career.

The real strength of our industry training system is you learn something and you can go out there and apply it straight away. It's that genuine application of knowledge. As an employer and as a student, you see real progression. When I started I couldn't climb a tree – as time goes on you do it faster, quicker and become better at advanced tree climbing and pruning.

Being someone who hadn't succeeded at school, it was incredible to find another form of education that turned my life around. I realised that I wasn't stupid – it was just the way I learnt, and as an employer it's great to see apprentices going through that same journey. New Zealand woman Chrissie Spence was a standout ITO apprentice with Treescape. She's won four tree-climbing awards, and is regarded as the world's top woman tree climber. People like that are inspiring.

No one in New Zealand can underestimate the power of vocational education and training. It produces a huge number of highly skilled people, and it's an amazing tool for capturing talented people.

I just completed a masters degree, and the only way I got anywhere near that education is because I had a really positive experience doing an apprenticeship. That's where I got the confidence I needed.

“Being someone who hadn't succeeded at school, it was incredible to find another form of education that turned my life around. I realised that I wasn't stupid – it was just the way I learnt, and as an employer it's great to see apprentices going through that same journey.”

**- Richard Wanhill**



“There are huge opportunities for the industry training sector. Industry training can lead to exceptionally good, prosperous careers.” - **Dr Ian Hall, former ITF Chair**





# 2016. Today.

There were 42 ITOs, now there are 11. The entire industry standard setting coverage – previously managed by many – is now managed by few.

Today, 138,000 industry trainees and apprentices are being supported to learn on the job, using just 7 percent of the tertiary budget – or \$180m. These learners are employed, paying tax, and economically active. They earn while they learn, and do not require study and living subsidies through student allowances, or attract debt through student loans.

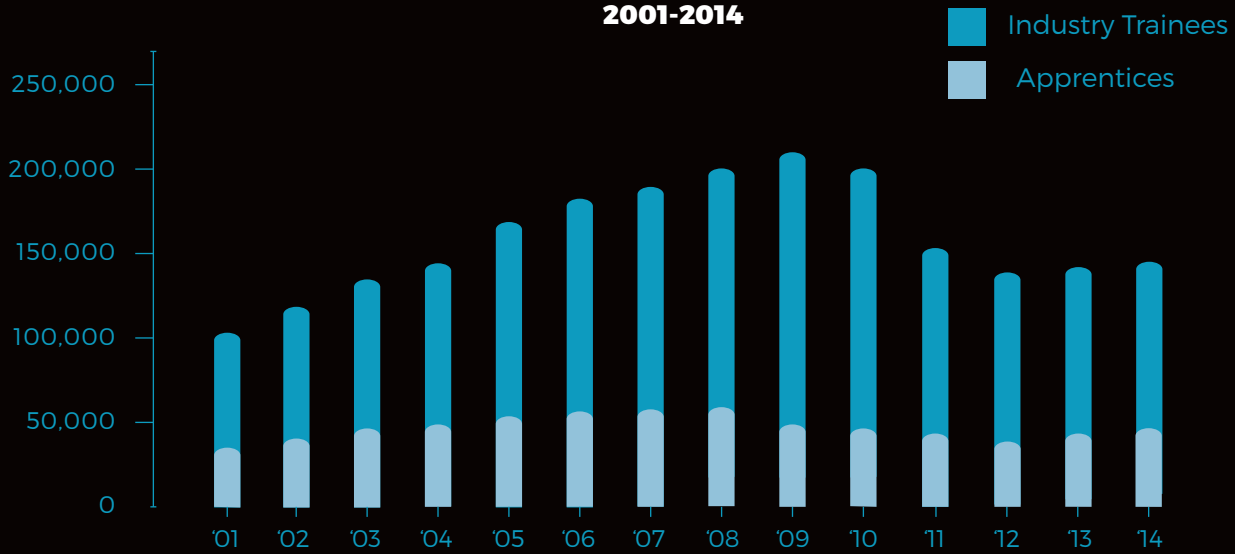
The last official count showed just under 42,000 apprentices – representing a slightly higher proportion of the workforce than apprentices did in 1987.

There are almost as many industry trainees as there are university students, but the 146,000 university students absorb 53% of the tertiary budget for tuition subsidies (\$1,100m), as well as over \$800m each year in student loans and allowances.

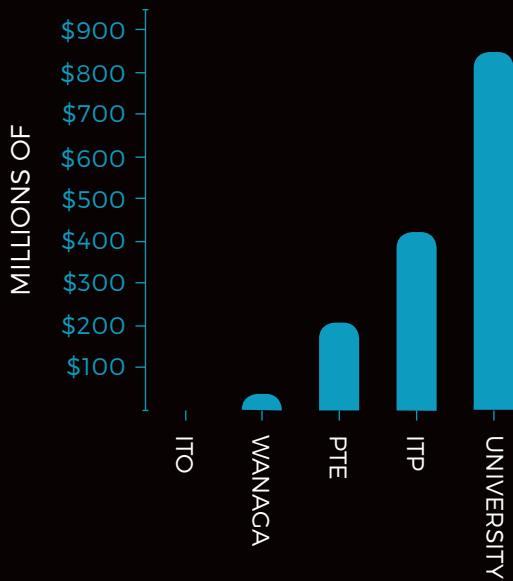
Industry trainees and apprentices are also achieving almost as many qualifications as the polytechnics, for around one-third the taxpayer investment.

While there is much room for expansion and improvement, national programme completion rates are now around 75% – comparable with institutions. This is a noteworthy achievement given that industry trainees identify primarily as workers, not students – they can and do change jobs and careers.

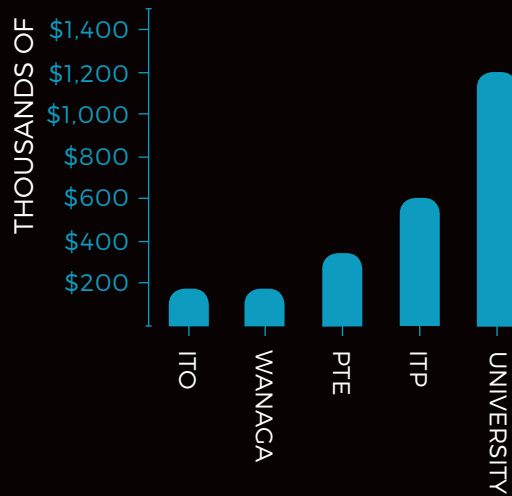
### Industry Trainees & Apprentices 2001-2014



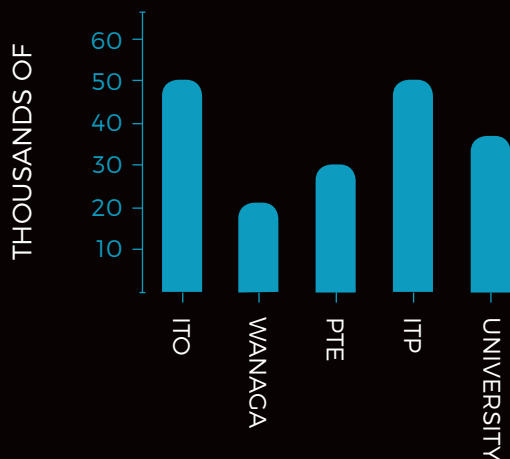
### Student Loans 2015



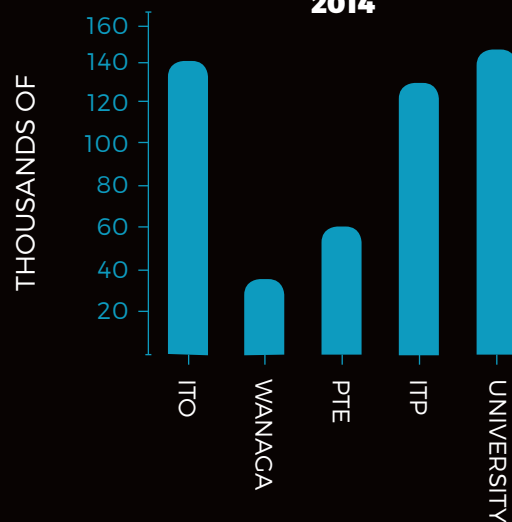
### Training / Tuition Subsidies 2015



### Qualifications 2013



### Students 2014





	ITO	Wananga	PTE	ITP	University
<b>Training &amp; Tuition Subsidies 2015</b>	\$165,000,000	\$168,000,000	\$349,000,000	\$590,000,000	\$1,191,000,000
<b>Student Loans 2015</b>	\$0	\$31,000,000	\$214,000,000	\$428,000,000	\$856,000,000
<b>Students 2014</b>	139,465	39,398	60,590	130,517	146,309
<b>Qualifications 2013</b>	49,585	21,000	30,518	50,186	37,147

There are almost as many industry trainees as there are university students, but the **146,000 university students absorb 53% (\$1.1 Billion) of tuition subsidies...**

as well as over **\$800m each year in student loans and allowances.**

Data sources: [www.educationcounts.govt.nz](http://www.educationcounts.govt.nz), Tertiary Education Commission – all grants spreadsheet [www.tec.govt.nz](http://www.tec.govt.nz)



# Profile

Paul Bassett is Managing Director of Hutt City Auto Services.

## Paul Bassett

I left school in seventh form, and I didn't know what I wanted to do. I worked for a bank and my dad suggested I get into computers – so I did a computer engineering degree, which I passed but I hated it, and I sucked at it too because I hated it.

I wasn't introduced to cars until later and all of a sudden I decided this is exactly what I wanted to do with my life. I did a 20 week course at Hutt Polytechnic, which I passed with flying colours because I absolutely loved it. During that time I did one day a week at Metro Ford in Porirua, and the service manager said if I passed my course, he would give me an apprenticeship. So in 1991 I began my 8,000 hours there. It was great because it was 100% hands on. Because I loved the practical, I loved the theory – I soaked it up, I loved it all.



We were worked hard back then, and had some pretty hard-arse employers. I stayed at Metro Ford for another year or two after the apprenticeship and decided I wanted to own my own business. So I worked for another couple of dealerships, and was on the tools for 11 years in total. Then the opportunity came up to start Hutt City Auto Services in 2001 and it's grown from there.

The industry hasn't changed all that much – learning about diagnostic skills, fuel injection, and different makes and models is more valuable now. But at the end of the day you're taught what you need to know. My guys are hands on, I train them to think outside the square. As a smaller garage we make a lot of stuff, including motorcycles, whereas a franchise mechanic would be different.

Now I'm a managing director, I'm big on giving back. I got handed an apprenticeship – so I've taken on three or four apprentices since then. For me it's the right thing to do. It's also important for the ethos of the company to have someone who's lower in the food chain because that's how it works.

But I don't think apprenticeships today are getting the same experience. Maybe employers are treating them just as floor-sweepers. I think there should still be a good 20 week pre-employment course. That sorts the people who love it and those who aren't cut out.

I think some financial help to take on apprentices would make a massive difference. Apprentices' wages should be subsidised by 25% – and they should come in and do their 8,000 hours, five days a week with someone like me. I'd train them up, they'd do their block courses, and I'd give them a range of jobs and sign things off. But if they're here 40 hours a week, we can build a relationship. Not this nervous 17 year old who turns up dragging his feet one day a week. It takes them six months to build a rapport with the staff. But if you gave me 40 hours a week with a 25% subsidy of their wages, I'd say bring them in – I'd take on two.

What I look for in a young person is someone who loves it. If you love what you do there's a 95% chance you'll be good at it. When I'm phoned by apprentices wanting work experience I'd ask them which magazine they read and I'm looking for the guy who says 'the Hot Rod mag!' I'm looking for passion – a bit of nous, communication skills and some family grounding – they need back up.

Hutt City Auto is the largest non-franchise automotive workshop in the region, and I actually think running a business is pretty simple. I don't worry about money because I'm doing what I love. Through the recession, I didn't care about how much money we didn't make as long as it wasn't costing us. The passion overrules everything.

My father said to me treat people how you want to be treated, make a profit but don't profiteer, don't rip people off. Do a good job, and that's what I do. I keep it small and fun and honest, and that's the success of the business.

“Now I'm a managing director, I'm big on giving back. I got handed an apprenticeship – so I've taken on three or four since then. For me it's the right thing to do.”

**- Paul Bassett**





# Beyond 2016. Creating Real Futures Together.

In June 2016, the OECD's Survey of Adult Skills<sup>9</sup> ranks New Zealand first out of 33 OECD countries in terms of formal skills training in the workplace.

Work-based training and apprenticeships are an efficient and cost-effective way of developing relevant skills. It is directly applied on the job and immediately contributes to productivity.

The Industry Training and Apprenticeships sector is in good heart, with a refreshed and fit for purpose sector ready to take on new challenges to transform workplaces and industries. Participation is up, and performance is significantly up.

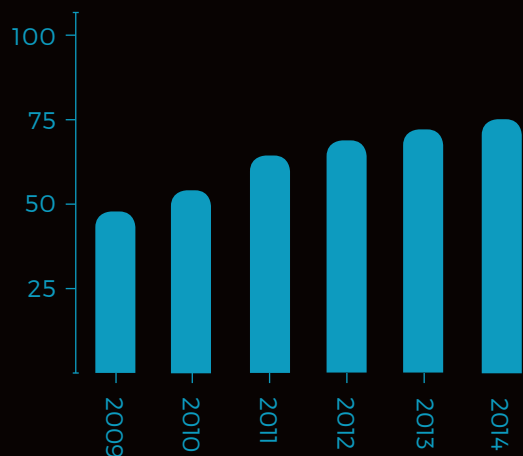
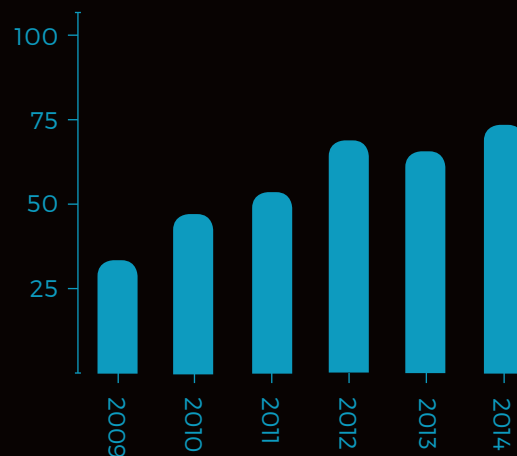
***"We're now able to put our foot on the accelerator and really claim our space in the world."*** - Garry Fissenden, Skills Org

***"The core activity of the industry training sector is working well, we need to focus on the peripheral activities including transitions into work, leadership and management, how best to deliver the best model of training to industry."***

*Dean Minchington, Service IQ*

***"Connexis is now in a good place. We don't even talk about the merger anymore... we're looking to the future and 2016 is about optimising ourselves operationally. We want to move from being a good ITO to being a great ITO."***

*- Helmut Modlik, Connexis*

**CREDIT COMPLETION****PROGRAMME COMPLETION**

The working world of 2016 is very different from that of 1992, and so too is industry training. Greg O'Kane did not become Joinery Apprentice of the Year in 1992 by programming the CNC Router that is now the proud centrepiece of his workshop.

People don't follow linear pathways in their education or their careers. This dynamism is increasing as a result of accelerated technological change. Some of our largest adult educational challenges reside in people going to work every day – rather than those with the time or opportunity to enrol in a tertiary institution. But New Zealand has historically struggled to show the link between its investment in skill development and increases in labour productivity.

It follows then, that more of our post-compulsory education needs to be integrated with the world of work. It also follows that more of our tertiary education be targeted to constant upskilling, and reskilling, throughout people's working lives.

Education in workplaces guarantees relevance: the skill development and its productive deployment are inextricably entwined.

***"The future is about unleashing the full potential of industry training. We need more funding to develop management and business training for small businesses, so they can grow. Rather than be sold a package of training we need to be more flexible and move with the times."*** - Chris Van Der Hor, NZMAC ITO

***"The scale of the ITOs now gives some comfort. We can focus on the future without previous concerns about coverage or competition. We can also work better together. The rationalisation of ITOs is encouraging collaboration – we are learning from each other, developing strategies and exploring joint purchasing. The advocacy role for the ITF is crucial, in government and industry circles. The impact we have on our community is considerable and the number of industries represented by ITOs is enormous. Harnessing the industry/ITO partnership for better trainee outcomes is a powerful driver of success."*** - Mark Jeffries, Primary ITO

It does not mean that we do not want or need learning institutions; there will always be people looking for a pathway into a particular industry. And institutions can also be important partners in supporting industry learners to gain core skills and theoretical underpinnings. The vast majority of New Zealand's workplaces are small, and cannot necessarily cover all competencies.

The fact that ITP enrolments go up when ITO enrolments go down and vice-versa implies a systematic relationship, that need not be a parasitic one. However, this would rely on funding and accountability models that fairly and equitably resource the education and training activity, and incentivise and encourage partnerships and pathways – in both directions.

Industry Training Federation  
Brand Identity 2016 (opposite)



“Industry training is flexible. We’re building boats completely differently to how we did it 10 years ago.

Technology is changing so fast and Marine ITO is well connected to the industry. I was Chair of the Board – the Board is the industry – and we’re all passionate and we’re all different.”

**- Lloyd Stevenson, Lloyd Stevenson Boat Builders Ltd**





***"We need the education system to stop being so insular and divided. We need to partner with schools, PTEs and ITPs to get the very best results for learners. ITOs have the biggest opportunity in terms of economic and educational advancement. Education shouldn't be constrained to bricks and mortar, it should be embedded into our workplaces. So we're saying we're here, work with us for the benefit of all learners. ITOs ensure our classrooms are our workplaces. We will achieve better results for learners if we can bring entities together and join the system up."*** - Fiona Kingsford, Competenz

Vocational Education is oriented towards employment – so we need to incentivise institutions to deliver their learners into employment, especially when that integrates with industry training.

## Technology and training

Rapid technological development will present challenges for education institutions to match their educational offerings to the world of work.

Automation and robotisation are becoming prevalent in many industries, so not only will skill requirements be rapidly outdated, predicting future skill needs – already a challenging exercise – becomes much more fast-moving.

***"We are entering a period of disruptive and chaotic change – with the speed and pace of change in terms of infrastructure, technology, telecommunications and information technology."***

***While, in education terms, industry training may be still considered the runt of the litter in terms of attention, focus and funding, this is about to be turned upside down and inside out."*** - Helmut Modlik, Connexis

***"The digital revolution is significantly changing things, and industry training will continue to become more sophisticated and recognised. With work-based learning, as opposed to polytechs and universities, 100% of our trainees are in jobs already, they are updating their skills and acquiring competencies. This is very good value for money and immediate payback for government."*** - Ray Lind, Careerforce

It also means we need to have a proper think about what we mean by 'delivery' in the technology-assisted world of learning and assessment in the 21st century. ITOs don't train. It makes that first conversation with a new employer tricky from the start.

Digital and mobile technology is making the distinction between providing resources that support trainees, and delivering learning increasingly murky. Is a video of a technical procedure, viewed on a tablet by an on-the-job trainee 'delivery'? Or resource material?

The original preclusion over delivery was to maintain arms-length between an ITO's standard setting role, and the provision of training towards those standards. However, fundamental questions of what constitutes 'delivery' are also being thought about more broadly in tertiary education, as a result of the rise of self-directed and digital learning environments. It's time to take another look at this prohibition, since many have concluded it no longer makes sense.





“The future of the NZ health and social services system depends on releasing the potential of this workforce, and that’s what we focus on every day.” - **Ray Lind, Careerforce**

Training programmes have to work for them – they can't be off-the-shelf. It has to be relevant and feasible for our workplaces and that's why those connections with industry are critical."

**- Grant Davidson, Skills Active**

## Skills and Qualifications

We need the system to support and encourage "just in time" learning. That means we need the ability to be more flexible about how we tailor learning and assessment products that meet the mark with our learners and employers.

Setting the 'public good' test for publicly-funded education around a certain number of credits in a certain-shaped box is no longer sound, if it ever was. Setting the core accountabilities in the tertiary system around the completion of large qualifications is increasingly not fit-for-purpose in a digitally-enabled and rapidly changing world.

***"Our sector is unique. The workforce is younger and more transient. They're very mobile, they move around between occupations – they might do a ski season here or there, and they need a specific level of skills for the jobs. Training programmes have to work for them – they can't be off-the-shelf. It has to be relevant and feasible for our workplaces and that's why those connections with industry are critical."***

*- Grant Davidson, Skills Active*

For those with long-ish memories, there is some irony in the present-day excitement about badging, micro-credentialising, "stackable" qualifications and electronic portfolios. All these ideas are very familiar to the industry training sector, which stayed most faithful to the 1990 National Qualifications Framework, with its qualifications comprised of outcomes-based unit standards, attached to a lifelong Record of Learning.

There is no doubt that New Zealand was a victim of early adoption, when it comes to competency-based assessment. We've learned a lot of lessons. As a product, unit standards did not appeal to all industries, or to all providers. NZQA-imposed constraints around how things had to look and be written has been endlessly frustrating for ITOs. Unit standards reflect industry's wishes about the content of qualifications, but the discussion with employers about industry training possibilities is generally about desired skills in the workplace, rather than unit standards.

## Future of Apprenticeships

As the last 30 years has played out, the call to "bring back apprenticeships" is certainly part of the New Zealand story, and is also an international phenomenon. Many governments are responding to a sense that apprenticeships used to happen, were a good thing, but somehow got lost. From China, to the United Kingdom, to Australia and the United States, there are currently deliberate policy efforts to revitalise and increase the number of apprenticeships, and work-based learning in general.

Let's dig into why. The Global Financial Crisis delivered a cohort of young people who have had the hardest time in many generations in making successful transitions to



“A good business environment that looks after its people is like a family. It sets you up for life, and you want to give back.” - **Chris van der Hor, NZMAC ITO**

the workforce. These are the NEETS (Not in Employment, Education or Training). The wage and employment scarring of this large group of young people who have taken longer to get a foothold in the labour market will ripple through the workforce for years to come.

The other force at work is qualification inflation. The flipside of the massification of further (and especially higher) education is the overqualification of people for the work they end up doing. The 2014 OECD Adult Skills Survey findings show New Zealand workers are relatively highly mismatched between qualifications levels and the requirements of their jobs. The net result is a form of productivity drag, which keeps people out of the labour force for longer, then fails to match them with a labour market opportunity in keeping with their educational level (not to mention their personal aspirations and expectations).

Apprenticeships, by their very nature, overcome several of these asymmetries. The employment comes first, then the skills are added. Apprenticeships also, by their nature, come prepackaged with a supportive network – the workplace, more skilled person(s) that take on a mentoring role, and, usually, a very good staff to student ratio. Massey University research into advanced apprenticeships shows that apprenticeships have many of the characteristics of effective teaching and learning, citing the work of renowned education researcher John Hattie.

We know apprenticeships are back, but they have changed. Just as we no longer indenture children and punish them with solitary confinement, apprenticeships are now available to all ages, all genders, and a much wider range of industry. Time served will always be part of the picture, since time is a proxy for experience, just as qualifications are proxies for skills. Mastery is, and always will, be about actual practice.

As this document goes to print, New Zealand has strong employment conditions, and acute skills shortages are reported in many industries covered by our ITOs.

There are now almost as many industry trainees as there are university students. Here and elsewhere, society is beginning to question the cost and wisdom of keeping so much of our post-school education and training locked inside institutions.

The future of tertiary education cannot just be an industrial model that tacks education onto school leavers. We need tertiary education to reach working adults, through a system that supports constant upskilling, making the vision of seamless, lifelong learning a reality.

We started this story by describing the industry training system as education's best kept secret. But it's not a secret – it's the model that brings together the world of education and the world of work.

Working together, we will create a skilled and prosperous future for New Zealand.

"Industry training is the great hidden jewel in New Zealand's crown. We have such a unique training and funding system on an international level. It's the most cost effective means of training in this country and it's the best way to train people - on the job. Now that the days of the long knives are over, it's time we collaborate over these messages. My great hope is that the word gets out there so more people can engage in this really positive form of high-quality training - it's good for individuals and it's fantastic for our country."

**- Grant Davidson, Skills Active**

"I have never heard the government push the ITO sector in such a positive light. ITOs have really upped their game."

**- Mark Oldershaw,  
former Chief Executive, ITF**

"We actually pulled off a massive change, and for all its faults and its teething problems, it's a world class system, it's unique. No one else has achieved this! The Industry Training Act is the most important and most dramatic thing I've ever been involved in. And, despite the issues, in fact it's worked. That core set of principles we put together have stood the test of time: it's industry led, it's broader based, it's open to a wider range of trainees, it's output focused. And each time that system has been challenged, it turns out that it's worth too much, there's too much value in it to give it away. [Employers] say 'yes - it needs to be improved - but by god don't take it away from us, it's ours. We're not going back to a polytech-led system. This system is far too valuable to give it away'."

**- Peter Palmer,  
Retired Senior Official**



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The background of the page is a white surface with several large, overlapping, angular shapes in a vibrant blue color. These shapes are arranged in a way that creates a sense of depth and movement, resembling stylized architectural elements or abstract geometric patterns. The shapes are primarily located in the upper left, lower left, and lower right corners, with a long, thin blue shape extending diagonally across the middle of the page.

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