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## **Industry Training Review**

Discussion Paper: Key roles in industry training systems

Thank you for this opportunity to provide the views of ECANZ and its members on the above. Ecanz has formed these views after consultation with a group of its members, reading the report “History of industry training” and as a participant in the system via its members, its stake holding of etco and of the ETITO and finally as an Industry stakeholder.

Details of ECANZ are contained at the end of this submission.

### **General Comment:**

The electrical industry is a mature and regulated industry that currently has a very good completion rate in regards to the students who undertake the journey from apprentice to tradesperson.

The industry sector that ECANZ represents, the contracting sector, is very much made up of SME businesses that create jobs and wealth. The makeup of these SME businesses means many of those involved in training have come through a similar or as a participant of the existing system.

The existing system relies upon close co-operation between industry stakeholders to ensure its ongoing success. As a share holder of both ETITO and etco\*, ECANZ clearly has a vested interest in the outcomes produced by our training system.

ECANZ wish to comment specifically upon the following being the key drivers and participants in the system.

#### Funding:

There exists presently a good mix of government funding along with participant funding whether through an individual or his employer and this we believe ensures commitment and outcomes. The electrical industry has one of the best completion rates. Government investment in training needs to be protected, by identifiable and accountable organisations that industry has faith in. It is recognised that not all training costs the same.

#### Relevant qualifications:

The industry uses its advisory group to ensure its requirements ongoing are made clear to those who serve industry by writing qualifications. Industry is well represented on its Electrical Industry Advisory Group, (EIAG) and therefore can ensure that changes necessary to maintain the relevance of qualifications are passed on. It is essential when considering qualifications that we consider labour portability in New Zealand. We must ensure that a stringent set of core skills are maintained, we are a regulated industry for safety and also operate joint standards with Australia, indeed we are slowly aligning our licensing categories with those of Australia.

The electrical industry is mature and has good systems with co-ordinated and coherent communication channels. Our need to work closely with Australia should not be underestimated, it should also be noted that they are looking to pick up our current integrated system as their disparate and disjointed system does not provide what industry wants.

### Industry relationship with its ITO:

The main organisation that provides the essential link in the training system is the ITO. Their role is to collate data from their own field staff as well as other industry stakeholders to help determine what numbers are required and where the changes in skill standards are emerging. Their ability to do this task on behalf of industry should not be under-valued in a sector that mostly consists of SME. The maintenance of qualifications and their delivery is extremely important and once again the ITO plays a very important role including the assessment and moderation functions. They along with the training providers have a responsibility to advise employers when, if off job training occurs, any apprentice training related issues arise. This is even more important now that funding is aligned with completions.

The strength of a training system is the influence of industry and that the ITO should be viewed as the facilitator for industry and government. The ITO is the tool for industry and government to manage its training, skill changes and trainee numbers. Levers exist for the system to be manipulated to produce appropriate outcomes when skill changes or trainee numbers are in conflict.

What is important to the success of any industry is a strong representative body from industry that can work with government agencies and convey information between.

The strength of industry training is linked to an ITO's ability to act as a customer-focused organisation delivering value for businesses, industry and monetary stakeholders. It is acknowledged that there are too many ITO's and that those on the smaller scale are unable to deliver the appropriate service that an Industry or government requires. It follows that larger ITO's should be charged with undertaking their assigned tasks so as to ensure the training system is cost effective and provides successful outcomes for all concerned. Any further splitting of responsibilities of large ITO's will in our view cause further confusion amongst participants and will introduce additional costs.

### Industry Role:

Industry role in the training system should be paramount. Industry must act as the sheriff and ensure that skills and qualifications are identified and developed to suit industry requirements. Industry must also make any training provider accountable for the apprentices in their care and there must be consequences for those that do not meet Industry demands.

Industry does have a focus upon its businesses and their success, they are pieces in the overall jigsaw that makes up the economy, they create wealth and jobs and need to be allowed to function without any additional compliance costs or costs associated with a system that has too many options.

By having a clear system that is comprehended at appropriate levels, the industry is able to function in a positive manner. ECANZ would suggest that government agencies should be looking at successful models in New Zealand and seeking to replicate those rather than tinkering with them to our detriment. A structured system enables the whole industry to benefit as it enables the best use of limited resources.

This means the goals of government are more easily met as only a limited number of groups need to be engaged with, these groups cover the majority. Any minority groups need to be assimilated into the functional working groups; we should not be providing solutions and dismantling a workable system for a minority.

Industry is part of the broader economy and is very much in touch with labour force needs. It is clear that there is a need to maintain training numbers when times are tough. It is also clear that pre employment courses are not seen by industry as linked to it and that industry feels more emphasis needs to be placed upon trades in schools

The role of Industry in the equation is extremely important, a strong industry with clear pathways and systems that are entrenched and understood is extremely positive for all

concerned. A sound industry should and can control what is happening given also that government assistance is crucial.

### Businesses:

Market forces are always in play in an industry. Business will react to opportunities and engage with or jettison labour as it requires. The industry bodies and ITO's can act as a conduit to manage this. The alternative of a varied group, whose influence is either too strong or too weak and who may not be able to maintain quality and robust systems for participants at all levels would be harmful. Having nationally recognised qualifications assures both workers and employers that from an industry participants perspective there is commonality which is transferable.

The costs borne by a small business should never be seen as just the cost of the training. Typically an apprentice for the first 18 months of their apprenticeship is a cost to the business whilst they learn enough skills to be unleashed upon the community at large. A business really only begins to make money on an apprentice as they move through the latter part of their apprenticeship and begin to complete level four units.

Small business or industry should not be used for experiments or constant tinkering with policies that impact upon the way in which they do business. Problems associated with learning, particularly literacy and numeracy should be being addressed earlier in the education system.

Enabling more competition into our industry will not only undermine the confidence in the qualification but also add additional costs to businesses as they have to sort out whom to get their off job training from. What comes with this is a greater cost in terms of actual time and money for a business. The focus of a business must be on its success, any additional compliance costs or additional time spent on selecting training providers will lead to a business wasting valuable time in doing work outside of its core competencies. Under the current system there is

effectively a one stop shop that enables a business to have its needs taken care of whilst it continues to focus upon its profitability.

Having regional approaches might sound workable, however it undermines national qualifications, undermines the confidence in the system that business owners, those that hire labour, might have and leads to marginalisation of funding.

On job training is part of a proper learning process; everyone is trained on the job. Off job is also very important, particularly when the practical elements of a job do not necessarily cover the theoretical aspects. Small business is focused upon survival and making profits to enable growth, this often means training is not a focus. By adding more competition in to a sound workable system with little support a small business is less likely to engage with the system and just focus upon cheap labour.

For many employers the qualifications system is far too complex, intimidating and unfriendly to business and those that chose to participate in it.

We appreciate reviews are necessary and enable new ideas to be debated. It should not however follow that functional systems are changed to accommodate either perceptions or minor players in the system. Indeed ECANZ would prefer to see the existing system strengthened by incorporating those minority ITO's into models that are working thus adding far greater value overall.

*Neville Simpson*

**Chief Executive ECANZ**

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### *Electrical Contractors Association of New Zealand (ECANZ)*

ECANZ has a membership of 1,405 electrical contractors who employ 7,000 people including some 1,300 apprentices. These businesses represent a combined sales turnover of \$700million and ECANZ is the only organisation representing this sector. The demographics of membership are New Zealand wide with business entities from “one man bands” to companies employing 200 people. The average size business is three to four people, therefore we represent small business New Zealand and simply put small business is NZ’s largest employer.