

Event backgrounder: Meeting with Competenz Chair and Chief Executive Thursday 7 March

To:	Hon Chris Hipkins, Minister of Education
From:	s9(2)(a), Acting Manager, ITO Investment, Delivery Directorate
Date:	1 March 2019
Reference:	E-19-00166

You are meeting with Competenz on Thursday 7 March 2019

1. This backgrounder provides you with information to support your meeting with Competenz.
2. You are scheduled to meet with Mike Simm (chair) and Fiona Kingsford (chief executive) on Thursday 7 March 2019 at 4.45pm. Their biographies are included in Appendix A.

Background information on Competenz

Industry coverage

3. Competenz is one of the most diverse industry training organisations (ITOs) due to the many industries it covers. It has coverage for: mechanical engineering; engineering fabrication; refrigeration and air conditioning; locksmithing; manufacturing; food and beverage processing; baking; forestry; communications and media; journalism; maritime; and rail.
4. Coverage for this broad suite of industries is the result of multiple mergers with previous ITOs. These were Retail Meat ITO (2012), Plastics and Materials Processing ITO (2013), Forest Industry Training and Education Council (2013), and Communications and Media ITO (2014).

Competenz funding has reflected fluctuating training volumes

5. Competenz was allocated \$22.1 million in 2018 and we are forecasting it to under-deliver. Funding for 2019 is currently \$22.1 million.
6. The last four years of funding and learner numbers are summarised in table 1 below.

Table 1: Funding and learner numbers 2015-18

	2015	2016	2017	2018*
Funded delivery	\$23.8m	\$25.1m	\$22.2m	\$22.1m
Total trainees and apprentices	18,700	19,500	17,600	15,200

*2018 numbers will be finalised on 1 April 2019

7. Competenz has experienced a decline in enrolments between over the last couple of years. Between 2017 and 2018, this has primarily been in the manufacturing and maritime industries, and also in occupational health and safety training.
8. Following a change in occupational health and safety legislation, Competenz experienced a spike in enrolments at level 3 across a range of industries. This has since dropped off.

Competenz’s performance has improved over the last few years

9. Competenz’s educational performance has improved over the last few years with 2017 above the ITO sector average. At this stage, Competenz is relatively on par with the sector for 2018. These rates are shown in table 2 below.
10. Competenz’s top two funded programmes are apprenticeships in mechanical engineering and engineering fabrication. These programmes comprise over a quarter of the ITO’s total funding and both have good performance, with apprentices actively working towards completing their programmes.
11. Low performance in forestry programmes reflects historically poor engagement by the industry. Although trainee programme completions rates have been increasing over time, they are still low at roughly 55% in 2018. Enrolments are now increasing in new programmes; however it will take some time for completions in these to filter through.

Table 2: Educational performance indicators 2015-18

	Credit achievement				Cohort-based programme completion			
	2015	2016	2017	2018	2015	2016	2017	2018
Competenz	70%	75%	80%	72%	-	59%	71%	70%
ITO subsector	80%	80%	78%	74%	-	62%	69%	68%

*2018 performance will be finalised on 1 April 2019

Competenz’s External Evaluation and Review (EER) and recognition status

12. NZQA published Competenz’s EER in November 2018. Competenz was assessed as highly confident in ITO performance and highly confident in capability in self-assessment. This means Competenz is a category one ITO.
13. The EER report noted that Competenz has active engagement across each of its sectors to understand training needs, and the multiple sectors under Competenz’s coverage value the ITO’s programmes and training. The report also noted that comprehensive assessor processes and moderation provide assurance that assessment is relevant and current.

Competenz is responding to the needs of its industries

Competenz is expecting future growth for industry trainees and apprenticeships

14. Competenz is forecasting industry trainee and apprentice growth in a number of its industries (mechanical engineering, manufacturing, maritime, heating, refrigeration and air conditioning) and a decline in packaging, plastics processing, print, wood manufacturing.
15. A 2016 Infometrics report highlights the growing demand for skills in the manufacturing sector.¹ The number of medium-high and high-skilled jobs has grown by an average of 1.7 percent each year over the last 15 years.
16. Infometrics forecasts there will be over 25,000 job openings in the manufacturing sector over the next few years, representing 17 percent of the industry's workforce. Lower-level jobs are being superseded by more skilled or technical roles that enable manufacturing firms to engage in broader production processes from design through to delivery.

Competenz is supporting secondary-tertiary transitions to employment and training

17. Competenz, like many other ITOs, is engaging with schools, learners, and parents to facilitate transitions to employment and on-the-job training (including through Gateway programmes, and secondary-tertiary pathways).
18. Competenz is one of nine ITOs supporting the 'Got a Trade? Got it Made!' campaign. This involves a range of promotional activities and events to raise awareness of on-the-job training and careers in the trades and services industries.

Competenz is working with Māori and Pasifika Trades Training (MPTT) consortia

19. Fiona Kingsford chairs one of the MPTT consortia in Auckland (Auckland Māori and Pasifika Trades Training Initiative (AMPTI)). Traditionally, ITOs have not played much of a role in MPTT consortia around the country. The move is designed to provide a stronger link between employers and provider-based courses.
20. AMPTI is the largest of the current 16 consortia, making up just under a quarter of all contracted MPTT learners in 2018. AMPTI provides pre-trades training in a range of trade-related activities with a strong focus on traditional trades.
21. The consortium has a diverse membership, including TEOs, iwi, employers and ITOs. AMPTI has its primary base at Manukau Institute of Technology, and also delivers through Unitec, G and H Training Limited, and the New Zealand Management Academy.

Forestry training is a key issue

22. The forestry sector has a range of capability and capacity issues. There are also challenges with perception as the sector is often seen as low-skilled and potentially dangerous. Forestry is characterised by lower numbers of workers with formal qualifications compared to other primary industries, and low retention rates.

¹ Shaun Twaddle, *Skills more important than ever in the manufacturing sector* (23 August 2016), <http://www.infometrics.co.nz/skills-important-ever-manufacturing-sector/>

23. Technology is impacting forestry work and the type of skills required. The sector is transitioning to a more highly skilled workforce as mechanisation and automation become more widespread and advanced.
24. Competenz is working with the Ministry for Primary Industries and the Forestry Owners Association to further develop information on careers pathways in the forestry sector.
25. Forestry is a particularly high-cost training model due to the significant levels of supervision required for safe training and the remote location of the workplace. Competenz is advocating for increased funding for ITOs for this type of high-cost provision.
26. Competenz has been redeveloping its forestry qualifications to better align with industry needs. It has been promoting the new qualifications to industry and is forecasting an increase in trainee numbers for 2018 and beyond.

Competenz has made recommendations for development of the forestry workforce

27. In June 2018, Competenz made recommendations for the forestry workforce development to Hon Shane Jones, Minister of Forestry and Hon Meka Whaitiri, Associate Minister of Agriculture. This was copied to you and TEC.
28. Competenz followed up on this paper in August 2018 to Hon Jones, Hon Whaitiri and yourself. It reported meetings with industry and government stakeholders. In this paper they requested urgent consideration of their requests for increased funding of all forestry learners at the New Zealand apprenticeship rate.

Matters Competenz may raise with you

The proposed Reform of Vocational Education (RoVE)

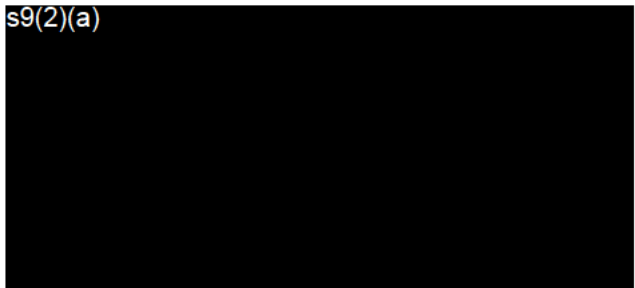
29. The RoVE proposals have profound implications for vocational education. In integrating all ITPs into one institution (NZIST), it will be important to ensure enhanced delivery to regional New Zealand industries and communities.
30. Under the RoVE proposals, ITOs are likely to evolve in Industry Skills Bodies (ISBs). ITOs' current roles of arranging in-work training would transfer to the NZIST and other providers.
31. Under the new proposed system, ISBs would have skills leadership roles. They will develop qualifications, set standards, and moderate assessments. ISBs will also advise TEC on the education and training needs of industry.

Strategic funding for the primary industries with a higher funding rate

32. The ITO is advocating additional strategic funding for the forestry industry with a higher funding rate.

33. However, this is now superseded by RoVE, which will include new funding arrangements. This will give the Government the opportunity to ensure that funding rates better support the costs of quality education and training for regional industries such as forestry.

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Acting Manager, ITO Investment, Delivery Directorate
Tertiary Education Commission

1 March 2019

Hon Chris Hipkins

Minister of Education

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Appendix A: Biographies of Mike Simm and Fiona Kingsford



Mike Simm

Chair

Mike has been the chair of Competenz since 2012.

He has been a professional director since 2002 and is a Chartered Fellow of the Institute of Directors. Mike is currently chair of Waitangi Ltd, and a director of Ngapuhi Asset Holding Co, Taharoa Ironsands Ltd, Kerikeri Village Trust, and director/trustee of several smaller Northland entities.

Mike has been active in the tourism and engineering sectors and in economic development serving as director/trustee/advisor in a number of related companies, trusts and local and central government entities.

He has a special interest in youth development and transitions from school to work.



Fiona Kingsford

Chief Executive

Fiona has been chief executive of Competenz since January 2016.

Prior to this she held various management and strategy roles at Competenz where she started in 2008.

In May 2018, Fiona was appointed to the newly established Forestry Ministerial Advisory Group to provide independent advice about the forestry sector and how Government and industry can work together to deliver outcomes for New Zealand.

Among her qualifications, Fiona holds an Advanced Diploma in Human Resource Management from the Manukau Institute of Technology and an Executive MBA from the University of Auckland.